Social security represents an investment in a country's "human infrastructure" no less important than investments in its physical infrastructure. At an early stage of economic development the priority is, of course, to put in place a basic level of provision; the evidence adduced in this Guide points to its affordability for, essentially, every country. While this message lies at the heart of the Guide, it is important to keep in mind that, at a later stage, the basic level can and should be augmented, and the ILO's long-standing approach to social security offers the framework to do so.

While the financial, fiscal and economic affordability and sustainability of social protection systems has become – rightly or wrongly – a major concern for countries at all stages of economic development, the Guide provides testimony showing that some level of social security can be afforded even at early stages of national development. Social security systems remain affordable moreover when economies mature and population age. Hence, a country’s national investment in social security can be well justified, whether or not an extensive social security system has already been developed.

Table of contents

Foreword and acknowledgements .......................................................................................................................... Error! Bookmark!
Selective list of abbreviations....................................................................................................................................... Error! Bookmark!
Introduction ..................................................................................................................................................................... Error! Bookmark!

PART I THE POLICY FRAMEWORK ....................................................................................................................... 5

1. Needs, rights and a promise unfulfilled .................................................................................................................. Error! Bookmark!
   1.1 Needs ............................................................................................................................................................... Error! Bookmark!
       1.1.1 Diversity of circumstances ............................................................................................................................ Error! Bookmark!
   1.2 The right to social security .................................................................................................................................... Error! Bookmark!
   1.3 Closing the coverage gap: Latest global policy initiatives................................................................................. Error! Bookmark!

2. An emerging policy framework for adequate social security for all ........................................................................ Error! Bookmark!
   2.1 Principles for the extension of social security .................................................................................................. Error! Bookmark!
      2.1.1 Universality .................................................................................................................................................. Error! Bookmark!
      2.1.2 Progressiveness ........................................................................................................................................... Error! Bookmark!
2.1.3 Pluralism......................................................................................................................... Error! Bookmark not defined.
2.1.4 Outcome focus.................................................................................................................. Error! Bookmark not defined.

2.2 The “social security staircase” policy paradigm ................................................................. Error! Bookmark not defined.
2.2.1 The horizontal dimension ............................................................................................... Error! Bookmark not defined.
2.2.2 The vertical dimension .................................................................................................... Error! Bookmark not defined.
2.2.3 The social security staircase ............................................................................................ Error! Bookmark not defined.

2.3 A minimum set of social security guarantees as part of a social protection floor ............... Error! Bookmark not defined.

2.4 The affordability of social security ..................................................................................... Error! Bookmark not defined.
2.4.1 The affordability of mature social security systems ....................................................... Error! Bookmark not defined.
2.4.2 The affordability of basic systems .................................................................................. Error! Bookmark not defined.

2.5 Strategic challenges ........................................................................................................... Error! Bookmark not defined.
2.5.1 Combining effective protection with organizational flexibility ...................................... Error! Bookmark not defined.
2.5.2 Achieving a coherent architecture of national social security systems.......................... Error! Bookmark not defined.
2.5.3 Creating the necessary fiscal space ................................................................................. Error! Bookmark not defined.

2.6 Defining ILO support ......................................................................................................... Error! Bookmark not defined.

3. Practical policy options and policy design issues .................................................................. Error! Bookmark not defined.
3.1 Current status .................................................................................................................... Error! Bookmark not defined.
3.2 Issues in access to health care ............................................................................................ Error! Bookmark not defined.
3.2.1 Health-care benefit packages ....................................................................................... Error! Bookmark not defined.
3.2.2 Financing of the health systems, financial protection and targeted interventions .......... Error! Bookmark not defined.
3.3 Issues in income security schemes .................................................................................... Error! Bookmark not defined.
3.3.1 Targeting based on conditions of personal income or wealth ..................................... Error! Bookmark not defined.
3.3.2 Conditionality ................................................................................................................. Error! Bookmark not defined.
3.3.3 Social assistance: From redistribution to social inclusion ............................................. Error! Bookmark not defined.

4. Summary and conclusions .................................................................................................... Error! Bookmark not defined.
4.1 In summary ......................................................................................................................... Error! Bookmark not defined.
4.1.1 The social security development paradigm ................................................................. Error! Bookmark not defined.
4.1.2 The concept of a social protection floor ................................................................. Error! Bookmark not defined.
4.1.3 Affordability and financing of the social protection floor ......................................... Error! Bookmark not defined.
4.1.4 Instrumental aspects of the ILO’s ongoing approach ................................................. Error! Bookmark not defined.

4.2 Conclusions......................................................................................................................... Error! Bookmark not defined.

PART II. FACTS AND EVIDENCE............................................................................................. 63

5. A statistical analysis of the coverage gap ............................................................................ Error! Bookmark not defined.
5.1 Conceptual aspects............................................................................................................. Error! Bookmark not defined.
5.2 Statutory schemes ............................................................................................................. Error! Bookmark not defined.
5.3 Old-age pensions.............................................................................................................. Error! Bookmark not defined.
5.4 Social health protection

6. Country experiences

6.1 Essential health care

6.1.1 Thailand
6.1.2 Ghana
6.1.3 Mongolia
6.1.4 Sierra Leone

6.2 Income security: Old age

6.2.1 South Africa
6.2.2 Namibia
6.2.3 Brazil (Previdência Rural or “rural pension”)

6.3 Income security: Child benefits

6.3.1 Brazil (Bolsa Família)
6.3.2 Mexico (Progresa/Oportunidades)

6.4 Income security: Other cash transfers

6.4.1 South Africa
6.4.2 Zambia (Kalomo District pilot social cash transfer scheme)

6.5 Income security: Working-age population

6.5.1 India (NREGS)
6.5.2 Chile (Solidario)
6.5.3 Bangladesh (Targeting the ultra-poor)

6.6 Income security: Self-employed

6.6.1 Three Latin American countries

7. Effects of non-contributory social transfers in developing countries: An overview

7.1 Introduction
7.2 Enhancing human development

7.2.1 Nutrition and health
7.2.2 Education
7.2.3 Child labour

7.3 Supporting the full utilization of productive capacity

7.3.1 Employment and labour market participation
7.3.2 Social transfers and productive activity

7.4 Enhancing and stabilizing consumption

7.4.1 Raising consumption
7.4.2 Protecting consumption
7.4.3 Social inequality

7.5 Facilitating social inclusion and cohesion

7.5.1 Empowerment and gender
7.5.2 Social cohesion
7.6 Conclusions

Bibliography

Annexes

I. Tripartite Meeting of Experts on Strategies for the Extension of Social Security Coverage, Geneva, 2-4 September 2009: Chairperson’s Summary

II. List of participants

III. Terminology

IV. The Global Extension of Social Security (GESS) Internet Platform

Tables

1.1 Percentage of households who are: always poor, sometimes poor, never poor

2.1 Expected increases in European Union social expenditure, 2007–2060

3.1 Effect of existing social transfer schemes in 30 countries: A summary

3.2 The extension of health-care coverage can be accelerated

5.1 Employees (wage and salary workers) in the labour market worldwide, 2008

5.2 Participation in the labour market of elderly (65+), and life expectancy at age 65, 1980 and 2005

5.3 Projected elderly population, proportions in 2010 and 2050

5.4 Population with formal social health protection coverage, selected African countries, 2007

5.5 Population with formal health protection coverage, selected Latin American countries and selected years between 1995 and 2004

6.1 Thailand: Overview of social health protection, 2007

6.2 Thailand: Selected indicators of social health protection, 2007

6.3 Ghana: Selected indicators of social health protection, 2006

6.4 Mongolia: Legal coverage of population groups, 2008

6.5 Argentina, Chile and Uruguay: Coverage of independent workers as the proportion paying social security contributions, latest available year

Figures

2.1 The scope for increasing coverage to population groups

2.2 The social security staircase

2.3 Costs for components of a basic social protection package for selected countries in Africa and Asia, 2010

2.4 Costs for basic universal old age and disability pensions for selected countries in Africa and Asia, 2010, 2020 and 2030

2.5 Total public expenditure and social expenditure at different levels of GDP per capita, latest available year

2.6 Increase of domestic public resources, selected African countries, 2002-07

2.7 Total public social expenditure, regional estimates weighted by GDP, latest available year between 2002 and 2007

2.8 Total public social expenditure, regional estimates weighted by population, latest available year between 2002 and 2007
2.9 Size of government and proportion of government expenditure allocated to social
security, latest available year ................................................................. Error! Bookmark

5.1 Percentage of wage workers among those employed worldwide, latest available
year ........................................................................................................ Error! Bookmark

5.2 Number of social security branches covered by statutory programmes, 2008–09 ................ Error! Bookmark

5.3 Scope of legal social security coverage: Countries with statutory programmes or
limited provision, latest available year .................................................. Error! Bookmark

5.4 Legal coverage for unemployment as a percentage of the working-age population
and economically active population, regional estimates, latest available year .......... Error! Bookmark

5.5 Effective coverage as a percentage of the unemployed receiving unemployment
benefits, regional estimates, latest available year .................................... Error! Bookmark

5.6 Legal coverage for employment injury as a percentage of the working-age
population and economically active population, 2008–09 ......................... Error! Bookmark

5.7 Old age: Legal coverage and effective coverage, contributors as a percentage of
the working-age population, by region, 2008–09 ..................................... Error! Bookmark

5.8 Old-age pension beneficiaries as a proportion of the elderly by income level,
various countries, latest available year .................................................. Error! Bookmark

5.9 Old-age pensions: Effective active contributors as a percentage of the working-
age population by share of wage employment in total employment, latest
available year ........................................................................................ Error! Bookmark

5.10 Persons above retirement age receiving pensions, and labour force participation
of the population aged 65 and over, latest available year ......................... Error! Bookmark

5.11 European Union: Old-age pension recipients, ratio to population over the legal
retirement age (excluding anticipated old-age pensions), 2006 ..................... Error! Bookmark

5.12 Africa: Old-age pensioners (at all ages) as a proportion of the elderly population,
latest available year .............................................................................. Error! Bookmark

5.13 Asia and the Middle East: Old-age pensioners (at all ages) as a proportion of the
elderly population, latest available year .................................................. Error! Bookmark

5.14 Latin America and the Caribbean: Old-age pensioners (at all ages) as a
proportion of the elderly population, latest available year ......................... Error! Bookmark

5.15 Africa and the Middle East: Male and female old-age pensioners (at all ages) as a
proportion of respectively male and female populations of age 60 and over, latest
available year ....................................................................................... Error! Bookmark

5.16 Latin America and Caribbean: Male and female old-age pensioners (at all ages)
as a proportion of respectively male and female populations of age 60 and over,
latest available year .............................................................................. Error! Bookmark

5.17 South-East/Eastern Europe and ex-Soviet Union: Male and female old-age
pensioners (at all ages) as a proportion of respectively male and female
populations of age 60 and over, latest available year .................................... Error! Bookmark

5.18 Inequalities in access to maternal health services in rural and urban areas in
countries of different national income levels, 2006 .................................. Error! Bookmark

5.19 Inequalities in access to maternal health services by wealth quintile, 2006 .......... Error! Bookmark

5.20 Out-of-pocket expenditure as a percentage of total health expenditure in low-,
upper middle- and high-income countries ............................................... Error! Bookmark

5.21 Out-of-pocket expenditure as a percentage of total health expenditure by poverty
incidence, 2006 ..................................................................................... Error! Bookmark

5.22 Total and public expenditure on health care per capita ($PPP) in countries by
their national income level, 2007 .......................................................... Error! Bookmark

5.23 Health-care financing levels by source of funds, 2006 ............................... Error! Bookmark

5.24 Achieving universal coverage in social health insurance ............................... Error! Bookmark

5.25 Formal health coverage: Proportion of the population covered by law, latest
available year ....................................................................................... Error! Bookmark

5.26 Multidimensional health coverage deficit for countries at different levels of
vulnerability ............................................................................................. Error! Bookmark

5.27 ILO access deficit indicator, 2006 ........................................................ Error! Bookmark
6.1 Thailand: Social health protection coverage, 2006 .................................................................
6.2 Public perceptions in Sierra Leone: Social security priorities and needs, 2007 ......................
7.1 Intergenerational poverty traps ..............................................................................................
7.2 Impact of social transfers on school enrolment, 1997–2008 ...................................................

**Boxes**

5.1 Employment informality and deficit of social and employment protection among wage workers: Latin America and Africa (Zambia and United Republic of Tanzania) ..............................................................................................................................................