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INTERNATIONAL SOCIAL SECURITY ASSOCIATION

Universal access to social protection and ensuring basic income security

BRICS 2nd meeting of the Employment Working Group

Port Alfred, 9 May 2023

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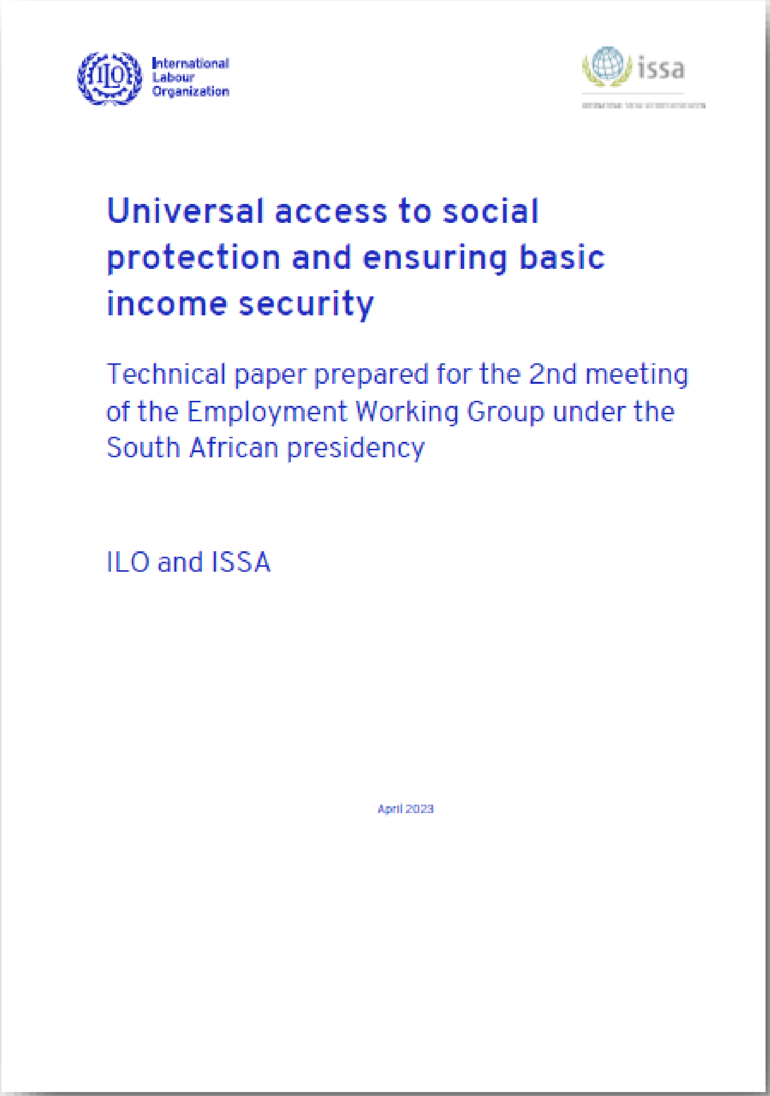
Outline

- **Universal access to adequate social protection: lessons learnt from the recovery from the COVID-19 pandemic**
  - Social protection as part of the COVID-19 pandemic policy response
  - Social protection at the crossroads: lessons for the way ahead
- **Reinforcing social protection systems to meet the challenges ahead**
  - Guaranteeing at least a basic level of income security for all
  - Closing coverage gaps in social insurance to ensure adequate social protection for workers in all types of employment
  - Ensuring effective and efficient administrative services
  - Building a solid social protection system for greater income security
- **Looking ahead: Investing in universal social protection systems for greater income security**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Universal access to social protection and ensuring basic income security

Technical paper prepared for the 2nd meeting of the Employment Working Group under the South African presidency

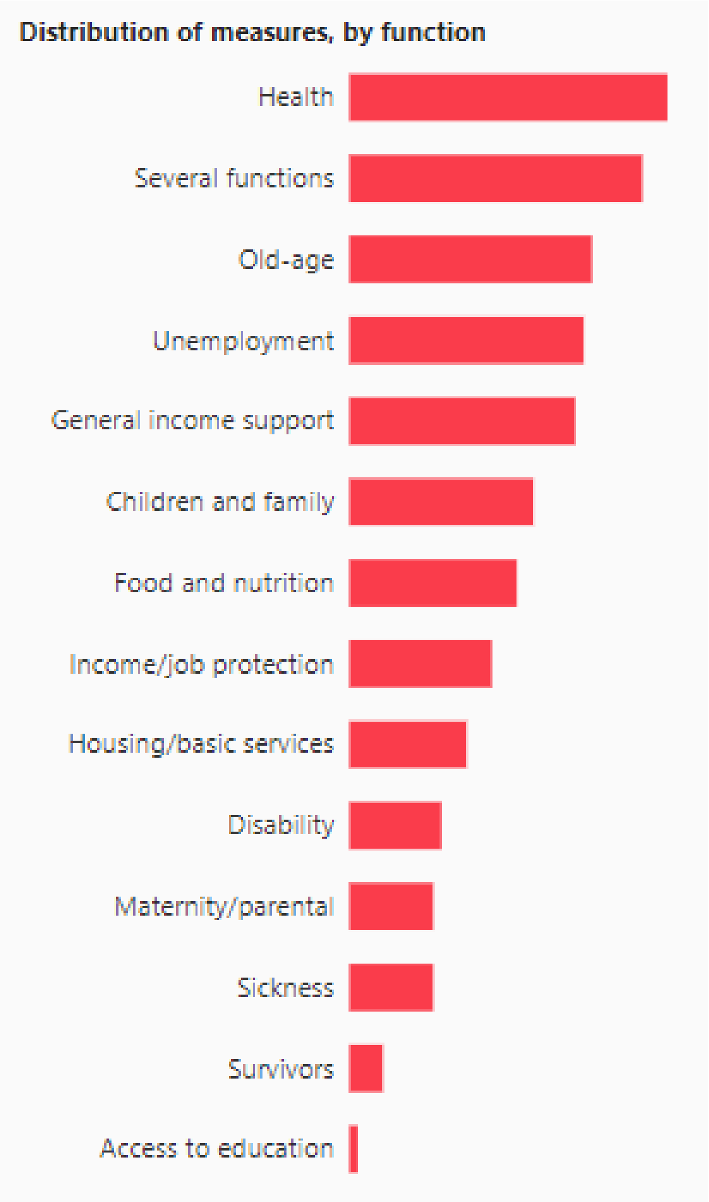
ILO and ISSA

April 2023

Universal access to adequate social protection: lessons learnt from the recovery from the COVID-19 pandemic in BRICS countries

- **Social protection policy response** through expansion of existing mechanisms and introduction of new measures (through often temporary): 296 announced measures across the 5 BRICS countries since 2020
  - Focus on health protection and income support for working-age population, families and older persons
  - Emphasis on expanding coverage and increasing benefit levels
  - Financing predominantly from general government budget
- **Extension to unprotected workers** was necessary and possible, yet with some challenges
  - important innovations, including through digital technology
  - responses were often temporary only
- Need to **reinforce social protection systems** for more sustainable solutions for the next crisis and for every day…

Announced policy measures in the five BRICS countries, since 2020

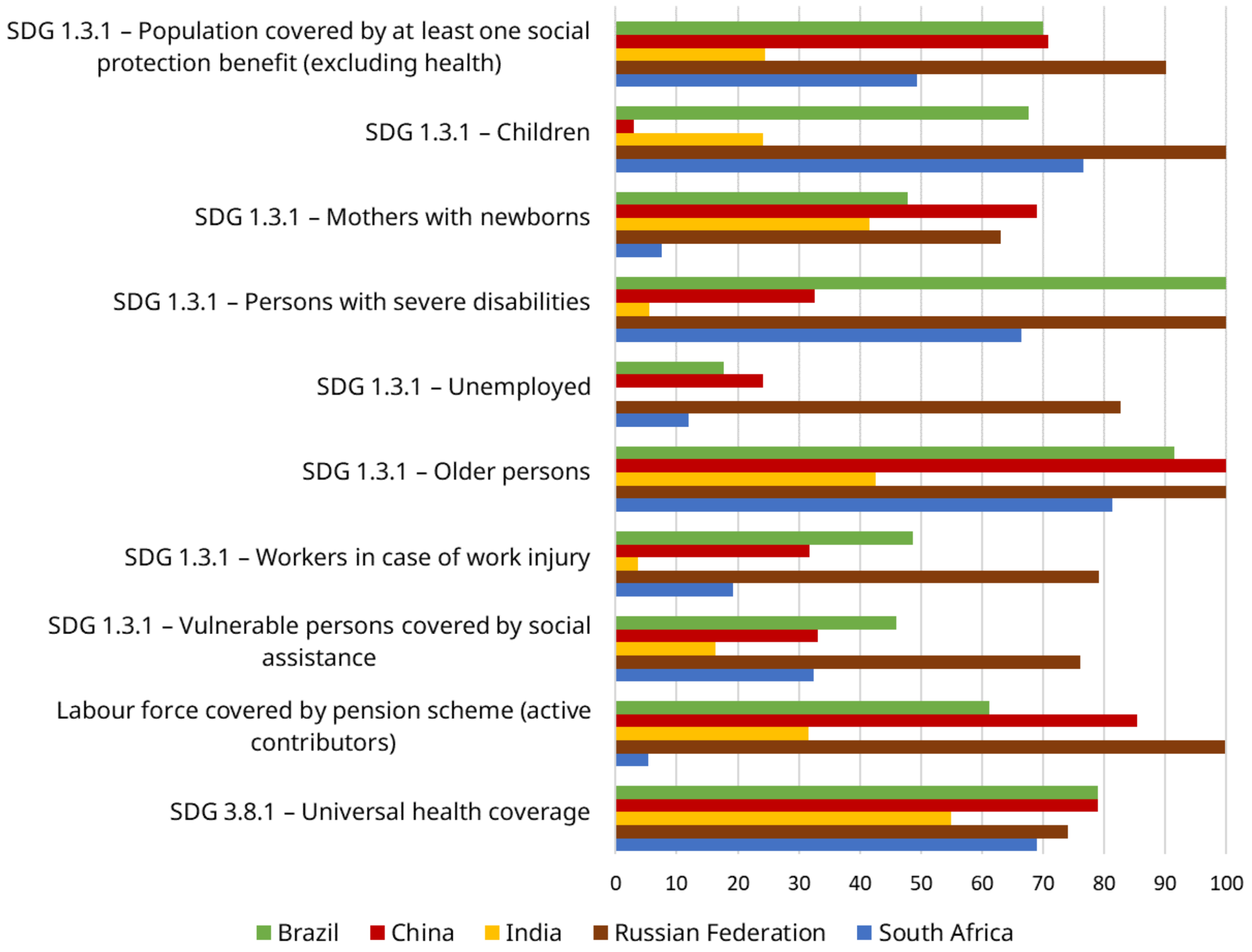


Source: ILO Social Protection Monitor, accessed May 2023.

Reinforcing social protection systems to meet the challenges ahead

- Significant progress in the extension of coverage and adequacy, but persistent gaps remain a challenge
- Reinforcing social protection systems to
  - cushion the impact of lifecycle risks and crises on people
  - support productivity and maintain macro-economic stability
  - create quality employment
- Unemployment, underemployment and informality put stronger pressures on social protection systems while constraining the capacity of the government to address these challenges
- Need for a coordinated approach

Social protection effective coverage (including SDG indicators 1.3.1 and 3.8.1), 2020 or the latest available year (percentage of the relevant population group)



Source: ILO World Social Protection Report 2020-22 (table A4.2) based on World Social Protection Database.

Guaranteeing at least a basic level of income security for all

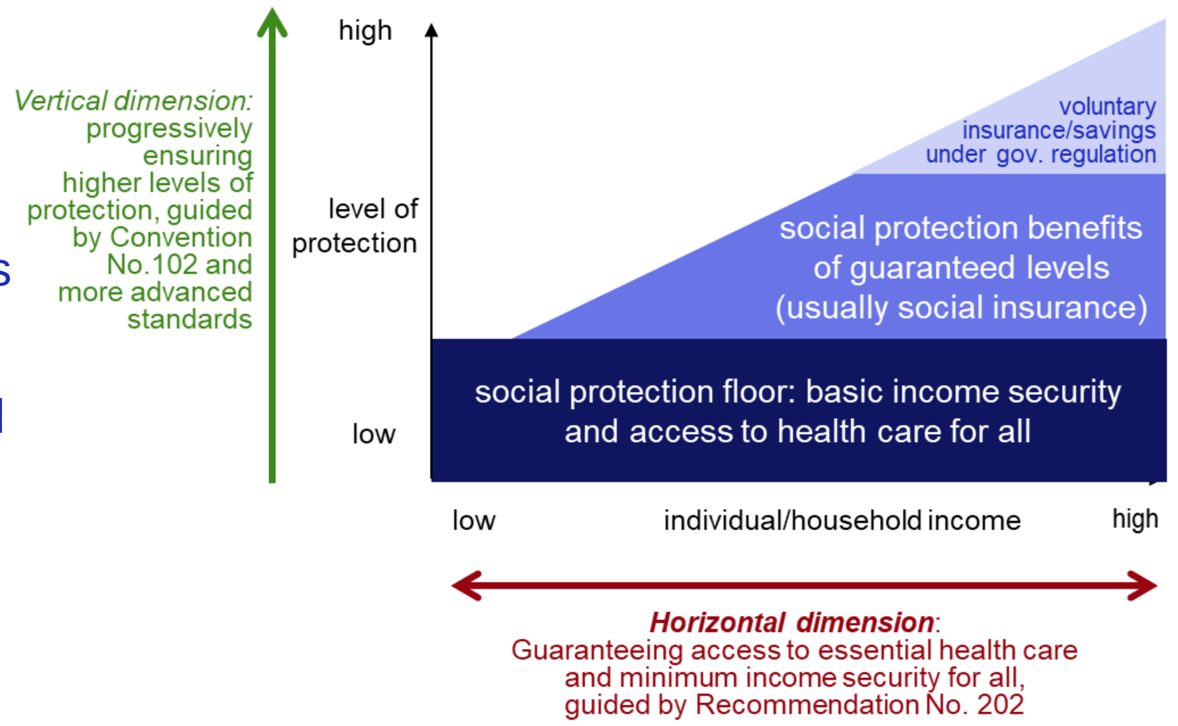
- Guaranteeing at least a basic level of income security is a key function of a **national social protection floor**.
- **Minimum income grants and other social assistance benefits** play a key role in guaranteeing at least a basic level of income security
- **Important features**
  - Programmes anchored in national law, clear and transparent eligibility conditions (including on means-tests), grievance mechanisms and rights of appeal
  - Benefit levels adequate to allow for a life in dignity
  - Regular review of benefit levels to keep up with living standards
  - Social dialogue: tripartite participation and consultation with other relevant stakeholders

Key guidance:

- Social Protection Floors Recommendation, 2012 (No. 202)
- Social Security (Minimum Standards) Convention, 1952 (No. 102)

Closing coverage gaps in social insurance to ensure adequate social protection for workers in all types of employment

- **Non-contributory benefits are a very important element of social protection systems**, yet
  - they often provide only modest benefit levels
  - narrowly-targeted means-tested programmes often exclude particularly vulnerable populations
  - they need to be financed out of general taxation
- Therefore it is essential to also **close coverage and adequacy gaps in social insurance** and other contributory mechanisms to reduce the pressure on non-contributory mechanisms.



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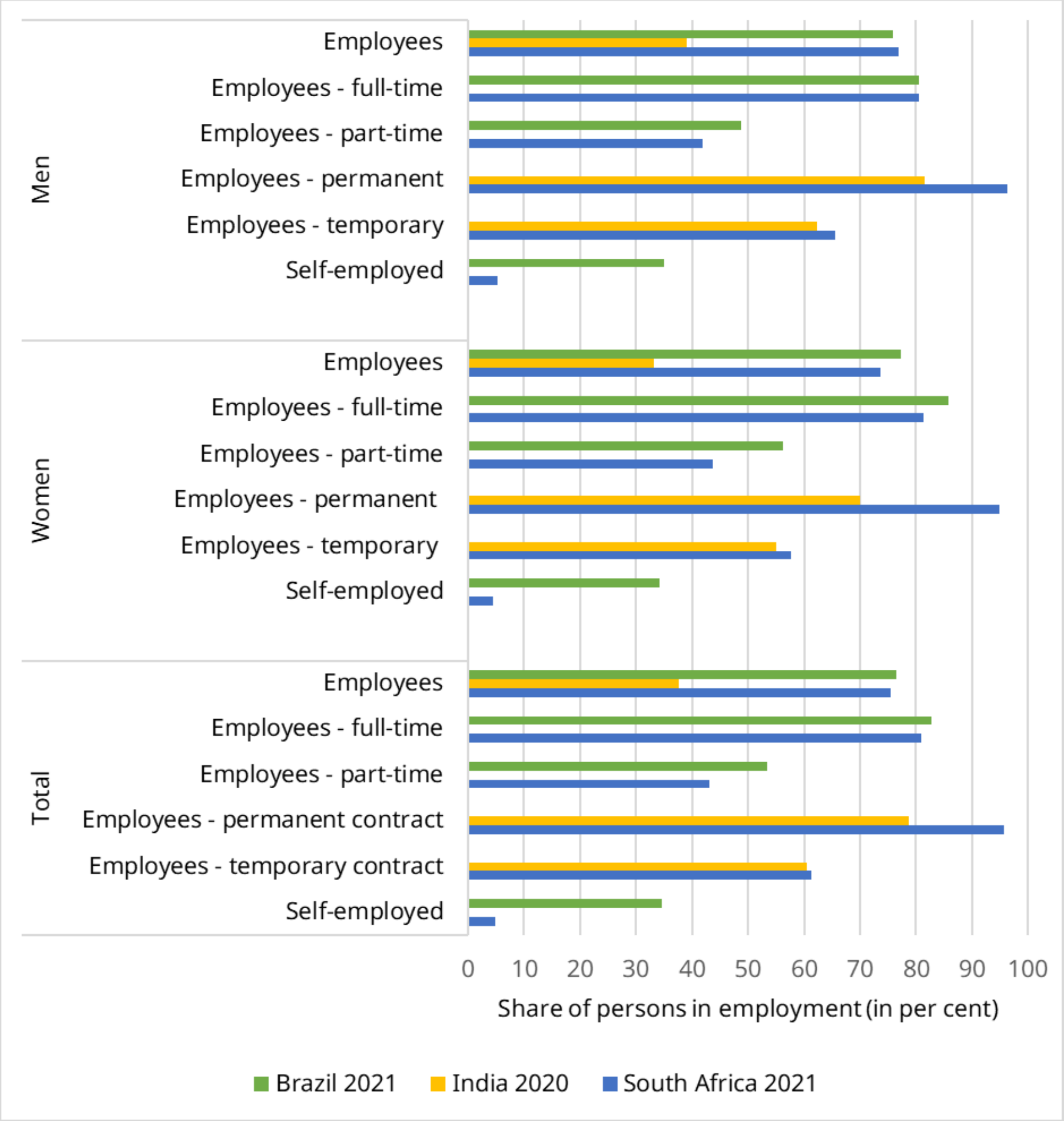
Social security coverage by status in employment

- Gaps in access to social insurance for certain categories of workers
  - affects the functioning of labour markets, including labour market mobility
  - puts stronger pressures on tax-financed benefits
- Evidence from three BRICS countries show uneven pension coverage rates for workers in different types of employment:
  - Part-time workers < full-time workers
  - Temporary workers < workers on permanent contracts
  - Self-employed workers < employees
  - Gender inequality: relatively small within categories, but women’s labour force participation and employment patters have a strong impact overall
  - Policy matters!
- More efforts are necessary to ensure access to adequate social protection for workers in all types of employment.

Share of persons in employment who contribute to a pension scheme, by status and type of employment, selected countries, latest available year



Source: Own calculations based on ILO Harmonized Microdata, https://ilostat.ilo.org/.

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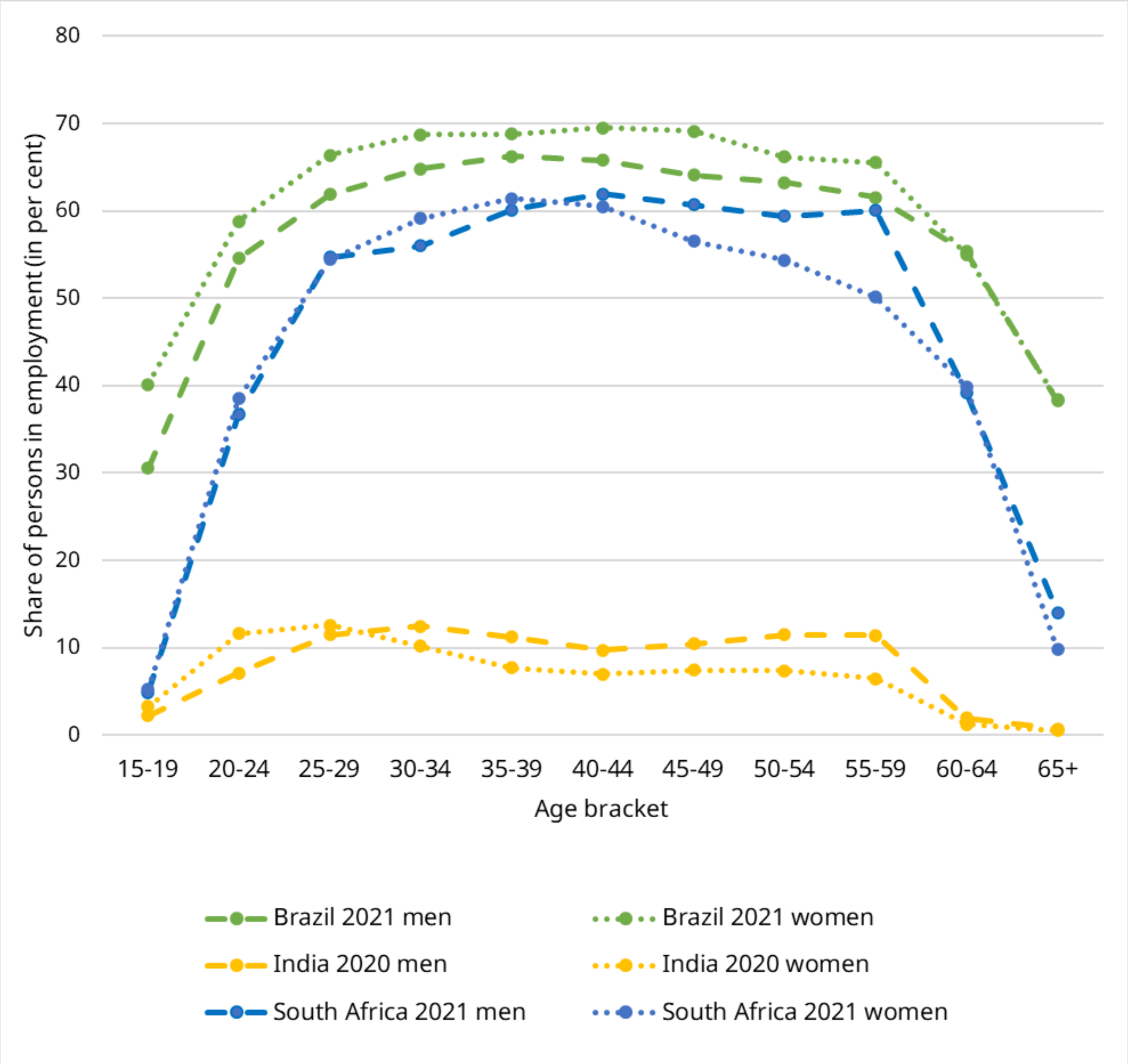
Social security coverage across the life course

- Pension coverage rates (contributors) vary by sex and age
- Lower coverage rates for young workers and older workers
- Women workers are more likely to contribute than men during the beginning of their careers, but are at risk of dropping out (India and South Africa)
- Policy implications
  - How to achieve better coverage for young workers and older workers?
  - How to ensure that women stay in formal employment after having children?
  - How to ensure that workers in all types of employment are adequately covered?

Share of persons in employment who contribute to a pension scheme, by sex and age, selected countries, latest available year



Source: Own calculations based on ILO Harmonized Microdata, https://ilostat.ilo.org/.

Building a solid social protection system for greater income security

- Guaranteeing at least a basic level of income security for all requires
  - Sustained investments in social insurance and tax-financed benefits
  - Effective coordination within the social protection system
  - Effective coordination with employment policies
- Building universal social protection systems for greater income security requires
  - Sustained investments in social insurance and tax-financed benefits
  - Effective coordination within the social protection system
  - Effective coordination with employment policies

Ensuring effective and efficient administrative services

- Goal-driven strategies to improve administrative services
- Enhancing ICT infrastructure & data management system
- Staff re-skilling and capacity building
- Streamlining business processes
- One-stop-shop services
- Inter-institutional coordination
- Public-private partnerships

- ***Brazil***: Data-driven decision making and automation of processes (e.g. digital death certificates in real time)
- ***Russian Federation***: Merger of two funds, single digital employment platform, national public services portal
- ***India***: 12-digit Universal Account and e-Shram for registration of informal workers
- ***China***: National social insurance public services platform & national pooling of basic pension funds
- ***South Africa***: UIF's data-free mobile application and USSA system & SASSA's 2-year Business Process Re-engineering project

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Looking ahead: Investing in universal social protection systems for greater income security

- **Reinforcing national social protection policies and strategies** reflecting a clear and shared strategic vision based on **social dialogue**.
- **Building strong national social protection floors** that guarantee at least a basic level of income security and access to essential health care.
- Investing in the **extension of social insurance** to ensure **comprehensive coverage for workers in all types of employment** and **facilitate transitions from the informal to the formal economy**.
- **Ensuring effective and efficient administrative services**, including through digital technologies in line with a rights-based approach.
- **Ensuring coordination of social protection policies with other relevant policies**, such as labour market, employment and wage policies, for a transformative approach.
- **Investing in full, productive and freely chosen employment and social protection for just transitions** is necessary to respond to long-term transformations, including the climate crisis, population ageing, migration and displacement.