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# **ILO Convention 102 on Social security**

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Experts meeting in Jakarta

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# ILO Convention 102 on Social security



## Agenda:

- **What is Convention 102?**
- How to ratify C102?
- The upcoming recommendation on the SPF – R202

# Convention 102 built on the ideas that:

- There is no right model for social security
- Social security grows and evolves over time
- Social security policies should reflect countries' social and cultural values, their history, their institutions and their level of economic development

# Main features of Convention 102

- Adopted by the ILC 1952
- Tool (guideline) for the design and implementation of social security law
  - Comprehensive definition of social security (nine branches)
  - Minimum standards for each branch
  - Flexibility clauses → step by step extension of social security coverage by ratifying country
  - Principles

# Main features of Convention 102

- **Nine branches:**

1. Access to medical care

2. Sickness

3. Unemployment

4. Old age benefit

5. Employment injury

6. Family benefit

7. Maternity benefit

8. Invalidity benefit

9. Survivor's benefit



# Main features of Convention 102

- **Minimum standards** are set for each contingency :
  - **minimum level of benefits** to be paid
  - **percentage of the population** to be at least protected (in percentage of employees or in percentage of residents i.e. including formal sector employees, self employed, etc.)
  - **conditions** for entitlement to benefits
  - **duration** of benefit

# Main features of Convention 102

- **Minimum standards for each contingency**

Branches	Minimum Standards			
	Benefit	Conditions	Duration of Benefit	Coverage of persons
<b>Sickness Benefit</b>	45 % (sickness)	To preclude abuse	26 weeks (each case)	50% of all employees or 20% of all residents, or all residents whose means do not exceed certain limits
<b>Unemployment Benefit</b>	45 %	To preclude abuse	13 weeks in period of 12 months	50% of all employees, or all residents whose means do not exceed certain limits
<b>Old-Age Benefit</b>	40 %	30 years	Throughout the contingency	50% of all employees or 20% of all residents, or all residents whose means do not exceed certain limits
<b>Employment Injury Benefits</b> Short term disability Permanent disability Death of the breadwinner	50 % 50 % 40%	No qualifying period allowed	Throughout the contingency	50% of all employees, and their widows and children in case of death of the breadwinner through an employment injury
<b>Family Benefit</b>	3% or 1,5%	To preclude abuse	Throughout the contingency	50% of all employees or 20% of all residents, or all residents whose means do not exceed certain limits
<b>Maternity Benefit</b>	45 %	To preclude abuse	Minimum of 12 weeks	Women of classes of employees constituting not less than 50% of all employees or 20% of all residents,
<b>Invalidity Benefit</b>	40 %	15 years	Throughout the contingency or until old – age pension is paid	50% of all employees or 20% of all residents, or all residents whose means do not exceed certain limits
<b>Survivors' Benefit</b>	40 %	15 years	Throughout the contingency	Wives and children of 50% of all employees, or 20% of all residents, or all resident wives and children whose means do not exceed limits

# Main features of Convention 102

- **Flexibility clauses** allow ratifying country to gradually extend coverage...
- **A State can choose to protect (article 9):**
  - At least 50% employees
  - At least 20% Economically active population
  - At least 20% residents

} + Spouse & children
- **A State can ratify with 3 branches only** including at least one among : unemployment, old age, employment injury, invalidity and survivors
- **Scheme can be:** universal, social insurance, social assistance
- **Administration can be:** public or private



# Main features of Convention 102

- **Principles**

- 1 **The State is responsible** for the provision of benefits & proper functioning of the scheme
- 2 **Solidarity & pooling of risks**
  - between men & women, rich & poor, generations
- 3 **Tripartite administration**
  - Representatives of covered persons must participate in the management or associated to the key decisions
- 4 **Collective financing of benefits**
  - Through contributions, taxation or both
  - Employees' contributions should not exceed 50% of the financial resources allocated

# Main features of Convention 102

- **Principles (continued)**

- **5 Adjustment of pensions** (to keep the purchasing power)
  - Following changes in the cost of living or general level of earnings
- **6 Right to appeal**
  - In case of the refusal of the benefit
  - Regarding the quality & quantity of benefits
- **7 Suspension of benefits**
  - If beneficiary absent from territory, receives other benefits, made a fraudulent claim ...

# The need for a recommendation on the Social Protection Floor

- All the principles of the Convention 102 apply when we decide to build a social protection floor
- However Convention 102 does not include the principle of Universality which is included under the definition of the Social Protection Floor

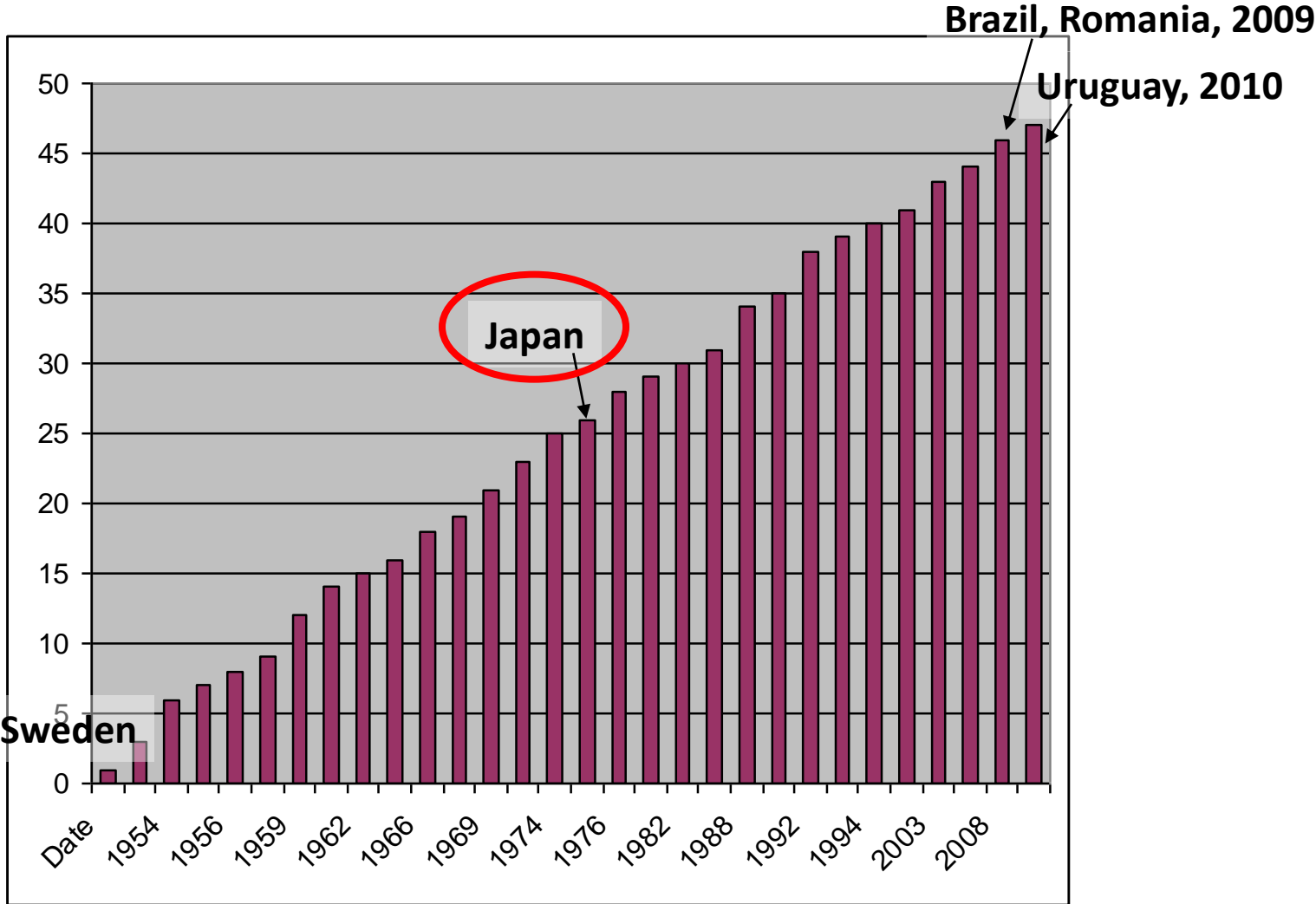
# ILO Convention 102 on Social security



## Agenda:

- What is Convention 102?
- **How to ratify C102?**
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# 47 countries have ratified C 102



# What is the ratification process?

## 1 SIGN THE CONVENTION

Promise to adhere to principles & norms of C102

## 2 SUBMISSION TO PARLIAMENT

Comparison C102 & National Law and Practice

Conformity

Non conformity

3 PARLIAMENT  
AUTHORIZES  
RATIFICATION

3 AMEND LAW &  
MODIFY PRACTICE

4 RATIFICATION  
& COMPLIANCE



# Why is it important to ratify C102?

- Benefit from ILO experience & technical assistance (policy advice, actuarial studies, ...)
- Guarantee for well established SS system
- Enhances confidence in the SS system
- Prevents from slipping back
- Contributes to extension of coverage and poverty reduction

# ILO Convention 102 on Social security



## Agenda:

- What is Convention 102?
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# The need for a recommendation on the Social Protection Floor

- All the principles of the Convention 102 apply when we decide to build a social protection floor
- However Convention 102 does not include the principle of Universality which is included under the definition of the Social Protection Floor
- Entitlement and levels of benefits related to passed income

# Procedure of development

- Report VI – **Green report**
- Recurrent discussion at ILC 2011
- Resolution and conclusions
- Report IV (1) – **White report** & Questionnaire sent to all member States
- Based on the answers to the Questionnaire, **Blue report**
- Discussion at ILC 2012, possible adoption of Recommendation 202

# Procedure of development

June 2011

ILC Recurrent Discussion on social protection (social security)

- Resolution and conclusions concerning the recurrent discussion on social protection
- Decision on standard-setting item (single discussion) at ILC 2012 (GB)



August 2011

Law and practice report (white report)

- Summary of law and practice in member States
- Questionnaire on possible Recommendation on social protection floors (deadline: 1 November 2011)



March 2012

Final report (blue report)

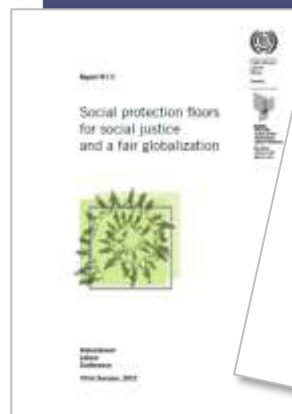
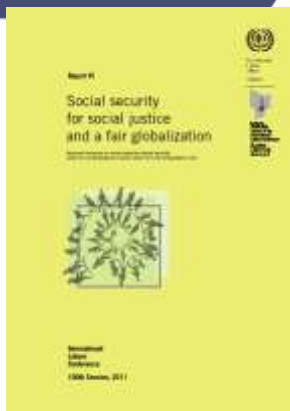
- Summary of Member responses to questionnaire
- Office draft of possible Recommendation



June 2012

ILC standard-setting item (single discussion)

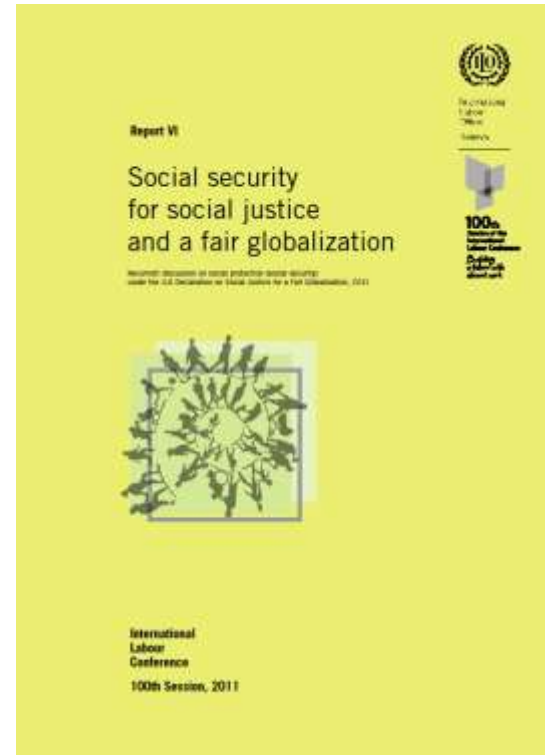
- Discussion of amendments
- Possible adoption of Recommendation on Social Protection Floors



# Report VI : a basis for the Recurrent Discussion on Social Protection

- Report VI, *Social security for social justice and a fair globalization*

- Available on ILC website and GESS platform
- In English, French, Spanish, Arabic, Chinese, German and Russian



# Report VI : a basis for the Recurrent Discussion on Social Protection

- Report VI, *Social security for social justice and a fair globalization*



- **Definition of SS**, right to SS and need for SS
- **Description of Social security situation in the world**
- **Challenges / recommendations:** SS policy should be coherent with national devlt frameworks, socially adequate (minimum benchmarks), well managed, affordable & sustainable, fiscal space should be increased, coverage should extended
- **Suggestions for future ILO work** : standards promotion, support to implementation of SS staircase, knowledge sharing, capacity building and ... development of a **new standard on SPF**



**Sixth item on the agenda: A recurrent discussion on the strategic objective of social protection (social security) under the follow-up to the 2008 ILO Declaration on Social Justice for a Fair Globalization**

**Report of the Committee for the Recurrent Discussion on Social Protection**

1. The Committee for the Recurrent Discussion on Social Protection (social security), set up by the Conference at its first sitting on 1 June 2011, initially consisted of 198 members (96 Government members, 33 Employer members and 69 Worker members). To achieve equality of strength, each Government member entitled to vote was allotted 759 votes, each Employer member 2,162 votes and each Worker member 1,034 votes. The composition of the Committee was modified seven times during the session and the number of votes attributed to each member adjusted accordingly.<sup>1</sup>

<sup>1</sup> The modifications were as follows:

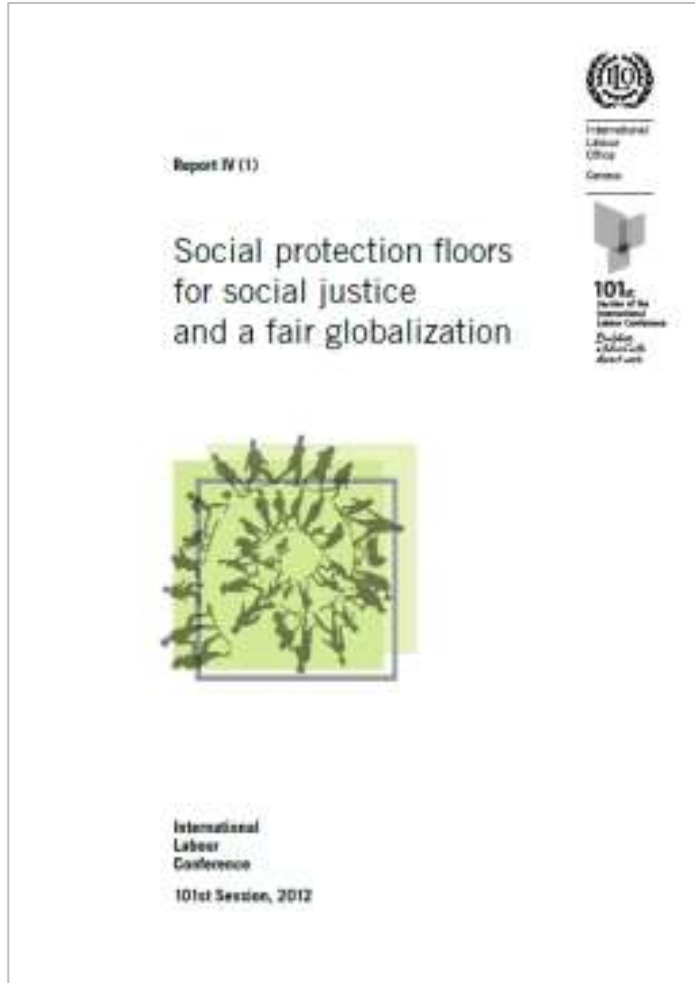
- (a) 1 June (sitting 2): 214 members (101 Government members with 900 votes each, 36 Employer members with 2,525 votes each and 75 Worker members with 1,212 votes each);
- (b) 2 June (sitting 3): 215 members (101 Government members with 684 votes each, 36 Employer members with 1,919 votes each and 76 Worker members with 909 votes each);
- (c) 2 June (sitting 5): 188 members (101 Government members with 1,764 votes each, 36 Employer members with 4,949 votes each and 49 Worker members with 3,636 votes each);
- (d) 3 June (sitting 7): 194 members (102 Government members with 13 votes each, 39 Employer members with 34 votes each and 51 Worker members with 26 votes each);
- (e) 3 June (sitting 9): 184 members (106 Government members with 66 votes each, 33 Employer members with 212 votes each and 44 Worker members with 159 votes each);
- (f) 9 June (sitting 10): 185 members (109 Government members with 1,320 votes each, 33 Employer members with 4,360 votes each and 40 Worker members with 3,597 votes each);
- (g) 13 June (sitting 12): 187 members (110 Government members with 123 votes each, 33 Employer members with 410 votes each and 41 Worker members with 330 votes each).

Resolution and conclusions of the recurrent discussion, adopted at the ILC 2011 (183 member states)

# Resolution and conclusions of the recurrent discussion

- Endorses **ILO two-dimensional strategy** for the extension of social security coverage
- Concludes the need for the ILO to formulate a new **Recommendation on social protection floors**
- Reaffirms **ILO's mandate** to assist member States in:
  - Designing and implementing the two-dimensional extension strategy, including SPF
  - Promoting and implementing ILO SS standards
  - Facilitating exchange of experiences and good practices

# Answering the questionnaire



- Was sent to all member states and we sent reminders to countries in East Asia, South East Asia and the Pacific
- Questions are closed (YES/NO)
- Important that all Line Ministries involved in Social Security & the SPF participate in providing answers to the questionnaire : MoL, MoH, MoSAVY, MoFinance, MoAgriculture, CARD, etc. as well as Social Partners
- **Deadline: 1 Nov 2011**



# Elements of a possible recommendation on SPF

- **8 key principles** of possible recommendation
  1. Ultimate objective = **adequate** social protection for all across the life cycle
  2. **Progressive** implementation
  3. **Linkages** with employment & other national devlt frameworks (not isolated island)
  4. Combining objectives of poverty reduction, protecting against social risks and empowerment of people
  5. Sound **financing & financial** management practices
  6. National **legislation** describing guarantees and benefits (→ benefit reliability, predictability, indexation... )
  7. Robust & transparent **governance**
  8. Particular attention to **gender** responsive approaches

# Elements of a possible recommendation on SPF

- **Elements that cannot be prescribed** (responsibility of member states)
  1. Range and types of benefits
  2. Organizational set up
  3. Type of mechanisms (universal benefits, insurance based, targeted, conditional or not ...)
  4. Levels of benefits related to national circumstances: level and distribution of income in the country, availability of health infrastructures, dimension of fiscal space...