



## **FOR DEBATE AND GUIDANCE**

### THIRD ITEM ON THE AGENDA

## **Social security standards and the ILO campaign for the extension of social security**

### **1. Introduction**

1. At its 89th Session (2001), the International Labour Conference adopted a resolution and conclusions concerning social security, renewing the commitment of the ILO to the extension of social security coverage and the improvement of the governance, financing and administration of social security and recommending that each country should determine a national strategy for working towards social security for all.<sup>1</sup> Subsequently, the Global Campaign on Social Security and Coverage for All was launched at the 91st Session of the Conference (2003) to promote the extension of coverage.
2. This report provides an update on the development of activities under the Global Campaign since 2004, when the last progress report was presented to the Governing Body.<sup>2</sup> It also analyzes the role of ILO social security standards in the Global Campaign and suggests a way forward with a view to developing an ILO mechanism that could strengthen the campaign policy.

### **2. Campaign strategy and action**

3. In 2005, the Global Campaign adopted an interactive four-tiered strategy that encompasses and integrates all the Office's activities in the field of social security. This strategy has been developed in response to the needs expressed by ILO constituents and within the dynamics of the global development policy debate, where social security has gained a reinforced position.

<sup>1</sup> ILO: Resolution and conclusions concerning social security, International Labour Conference, 89th Session, Geneva, 2001, paras 16–19.

<sup>2</sup> GB.289/ESP/5.

## **2.1. The first tier: Generation, management and dissemination of knowledge**

4. The prerequisite for all policy development, technical advice and capacity building is the generation of, and ability to share, knowledge. This dimension of the strategy encompasses the collection and analysis of statistical information, the exchange of national and international experience through research and Internet-based knowledge sharing and the development of new technical tools that support the formulation of national policies.

### ***The Social Security Inquiry***

5. In order to be able to monitor progress with respect to the objective of extending social security coverage, it is essential that the ILO and its constituents have the capacity to measure existing coverage and gaps in population and benefit coverage through the collection of statistical information. As the provision of social security always requires substantial national resources, it is equally important to have information on social security expenditure and its sources and patterns of financing. Outside the countries of the European Union and the Organisation for Economic Co-operation and Development (OECD), neither an internationally accepted statistical standard measuring coverage and resource use nor a database of internationally comparable data exist. The new ILO Social Security Inquiry sets out to develop such an internationally accepted statistical standard and to assist countries in compiling comprehensive statistical data on social security so as to provide reliable benchmarks for national and international policy-making. Since 2004, the Social Security Inquiry and its associated online database have been refined and expanded, notably through the development of partnerships with other international organizations (the OECD, the Asian Development Bank and the International Social Security Association). Data are now available for more than 80 countries, for at least some of the national schemes. The ILO social security database, which will shortly be universally accessible through the Internet, provides a tool to collect, store and disseminate statistics and core indicators on social security.

### ***Knowledge and learning platforms***

6. The Office is developing an Internet-based knowledge management platform on the global extension of social security (GESS). It is a crucial instrument of the Global Campaign as it links the Office to its constituents in a new interactive way. It shares information on the work of the Office and other organizations, brings problem-solving international networks together and improves the responsiveness of the technical advisory services to ILO constituents through online technical support and distance learning. A first version of the platform was launched in September 2007 at the World Social Security Forum in Moscow. It includes Global Information on Micro-Insurance (GIMI), a platform which is already well established in the community of microinsurance experts around the world. Some 700 users from 65 countries have registered so far on the GESS and GIMI platforms. The platforms already provide a library with more than 700 resources, a glossary with 520 social security terms, 40 thematic and country pages, a database containing the curricula vitae of 50 experts and a database of more than 100 thematic questions and related answers.
7. Another linked platform, developed by the Strategies and Tools against Social Exclusion and Poverty (STEP) programme of the ILO Social Security Department and financed by the Government of Portugal, is an interactive web-based learning tool and knowledge management system (CIARIS) which has contributed to the training of more than 1,900 people from 30 countries on the extension of social protection and social inclusion. It has contributed to the creation of knowledge in several fields including social assistance,

the role of social security for preventing child labour and the integration of social protection in local economic development strategies. CIARIS has so helped more than 400 people define and implement strategies for the extension of social security.

### **Technical tools**

8. The Office has developed a number of technical tools that permit the evaluation of policy alternatives and support the good governance and management practices in individual social security schemes and national social security systems. For a number of years, the Office has been disseminating its actuarial and social budget computer models and its social protection expenditure and performance review methodology without charge to interested constituents, aiming to enlarge their practical use. A new product, the Basic Social Protection Tool, is a simulation tool that allows governments and constituents to estimate the cost of basic social security benefits in specific country contexts. In addition, as part of its activities in Africa, the STEP programme, with financing from the Government of Belgium, has developed management and monitoring software to reinforce the quality of the management of health microinsurance schemes.

### **Research activities**

9. Over the last five years, the ILO has issued several research papers on the extension of social security,<sup>3</sup> undertaken major studies and published books on basic elements of a strategy to combat social exclusion.<sup>4</sup> The results of its research activities were disseminated, inter alia, in the framework of a major international conference on Social Protection and Inclusion: Converging Efforts from a Global Perspective (Lisbon, October 2006), that was jointly organized by the Office, the Ministry of Labour and Social Solidarity of Portugal and the European Commission.
10. A new strategy on social health protection was prepared in the framework of the International Conference on Social Health Insurance in Developing Countries (Berlin, October 2005),<sup>5</sup> the Conference on Extending Social Health Insurance to Informal Economy Workers held in Manila in October 2006, and a high-level conference on Social Health Protection in Developing Countries: Breaking the Vicious Circle of Disease and Poverty (Paris, March 2007), organized by the French presidency of the Council of the European Union. The strategy has recently been laid out in the Social Security Policy Briefings series, produced in the framework of the Global Campaign.<sup>6</sup>
11. A high-level research seminar on the role of social security in state and nation building jointly organized with the United Kingdom's Department for International Development (DFID) and the German Agency for Technical Cooperation (GTZ) in September 2006 led

<sup>3</sup> See the ILO Social Security Department web site <http://www.ilo.org/public/english/protection/seccsoc/>.

<sup>4</sup> J. Estivill: *Concepts and strategies for combating social exclusion: An overview* (Geneva, ILO, 2003) and ILO: *Social protection and inclusion: Experiences and policy issues* (Geneva, ILO, 2006).

<sup>5</sup> See ILO/GTZ/WHO: *Berlin Recommendations for Action: Final version*, International Conference on Social Health Insurance in Developing Countries, Berlin 5–7 Dec. 2005.

<sup>6</sup> See ILO: *Social health protection: An ILO strategy towards universal access to health care*, Social Security Policy Briefings, Paper No. 1 (Geneva, 2008).

to the preparation of a publication<sup>7</sup> that makes the case for early investment in social transfers as a component of national development strategies. Furthermore, one of the major contributions of the ILO to the widely accepted development policy paradigm that countries can “grow with equity” was the work undertaken to analyse the affordability of basic social security benefits in developing countries.

12. Based on a number of discussion papers<sup>8</sup> on sub-Saharan Africa, Asia and in Latin America – which were widely circulated and have shown that a basic set of social security benefits or at least components thereof are affordable over a medium time frame even for low-income countries – the Office consolidated its findings in a publication in the framework of the Social Security Policy Briefing series.<sup>9</sup> The paper makes a case for a basic social security package from a rights-based as well as from an affordability perspective. Countries can ensure affordability through the gradual implementation of social security, depending on the state of development of their economy and national commitment.

## 2.2. The second tier: Policy development

13. The Office developed a new baseline strategy for the Global Campaign. In August 2006, the first version of the policy paper *Social security for all: Investing in social and economic development* was issued as a discussion paper<sup>10</sup> and was circulated in 2007 to governments and workers’ and employers’ organizations in a worldwide consultation process that sought to achieve widest possible consensus on the basic policy message. After a thorough review of all comments, the final version of the policy paper was prepared in 2008.<sup>11</sup> A key message is that social security benefits are a powerful tool to combat poverty and achieve the Millennium Development Goals. A further message is that the build-up of national social security systems early in the economic development process is a key investment in social and economic development.
14. The pragmatic policy paradigm that is emerging from the policy development work recommends that countries which have not yet achieved universal or widespread coverage should first aim to put in place a basic and modest set of social security guarantees, which could be called a basic “social security package”, for all residents in a country. These should include:

<sup>7</sup> P. Townsend (ed.): *Building decent societies: Rethinking the role of social security in development* (Geneva, ILO, forthcoming).

<sup>8</sup> K. Pal et al.: *Can low-income countries afford basic social protection? First results of a modelling exercise*, Issues in Social Protection, Discussion paper No. 13 (Geneva, ILO, 2005); S. Mizunoya et al.: *Costing of basic social protection benefits for selected Asian countries: First results of a modelling exercise*, Issues in Social Protection, Discussion paper No. 17 (Geneva, ILO, 2006); F. Gassman and C. Behrendt: *Cash benefits in low-income countries: Simulating the effects on poverty reduction for Senegal and Tanzania*, Issues in Social Protection, Discussion paper No. 15 (Geneva, ILO, 2006); L. Gasparini et al.: *Un piso de protección social en América Latina: Costos fiscales e impactos sociales*, Working paper No. 71 (La Plata, CEDLAS, 2008).

<sup>9</sup> ILO: *Can low-income countries afford basic social security?* Social Security Policy Briefings, Paper No. 3 (Geneva, 2008).

<sup>10</sup> ILO: *Social security for all: Investing in global social and economic development: A consultation*, Issues in Social Protection, Discussion paper No. 16 (Geneva, 2006).

<sup>11</sup> ILO: *Social security for all: Investing in global social and economic development*, Social Security Policy Briefings, Paper No. 4 (Geneva, 2008).

- access to basic and essential health care;<sup>12</sup>
  - income security for children, facilitating access to nutrition, education and care;
  - some social assistance to poor or unemployed persons (possibly based on the ideas explored by India's Employment Guarantee Scheme); and
  - income security through basic pensions for old or disabled persons.
15. This is the launching platform for a further social security development process that provides greater security when the “fiscal space” of governments increases as economies continue to develop.
16. There are many ways to achieve that set of basic social security guarantees as a first step of a national social security development strategy. While some countries will seek to extend social insurance and combine it with social assistance, others will subsidize social insurance coverage for the poor to enable them to enjoy insurance coverage and others will seek to establish tax-financed universal schemes. Each approach will have its advantages and its problems and each will be “path dependent”, in other words dependent on past developments and national values. What matters in the end is that all people should have access to the basic guarantees. It is the outcome of national social security strategies that matters, not the ways and means that help countries to achieve the outcomes. About 30 developing countries are already successfully putting in place elements of minimum social security guarantees through social transfer programmes; for example, in Brazil this is being done through the “Bolsa Familia” programme, in Mexico it is being done through the “Oportunidades” programme and in South Africa, Namibia and Nepal it is being achieved through tax-financed basic pension systems.
17. This policy position was also subjected to a rehearsal in the context of a series of tripartite regional seminars on social security in Latin America, in the Arab States and in Asia, where it was agreed upon by ILO constituents. These meetings were co-hosted by the ministries of labour in the host countries and attended by more than 200 participants including representatives of governments, workers and employers, observers from social security and other public institutions and international organizations involved in social security activities. The main objective of the meetings was to share experiences among the participants on how to extend social security coverage, identify good practices and foster consensus on how to pursue further extension of social security coverage as a national policy priority. The discussions allowed the ILO to reach a broad consensus on the priorities to be addressed in the coming years by the countries and the ILO in the context of the Global Campaign and Decent Work Country Programmes (DWCPs). A similar meeting for Africa is scheduled for 2009.
18. ILO studies have also shown that certain developing countries could benefit from some interim financial assistance in the short to medium term, to finance the setting up of basic social security schemes for their populations and to pilot-test specific sets of benefits.<sup>13</sup> The ILO is presently testing the concept of a Global Social Trust Initiative<sup>14</sup> as one vehicle

<sup>12</sup> Including health services for maternity protection.

<sup>13</sup> K. Pal et al. (2005); Mizunoya et al. (2006); Gassman and Behrendt (2006); ILO: *Can low-income countries afford basic social security?* Social Security Policy Briefings, Paper No. 3, (Geneva, 2008).

<sup>14</sup> For more detailed information on the Global Social Trust pilot project, refer to GB.301/ESP/3, which provides a progress evaluation of the project.

for the financing of such initiatives. The Office reported on the progress of the initiative in November 2007.<sup>15</sup>

19. The idea of investing in basic social security benefits at an early stage of economic development as a key instrument to achieve the Millennium Development Goals and as a tangible social dimension of globalization has been taken up and is being promoted by other United Nations agencies (including the United Nations Department of Economics and Social Affairs (UNDESA), and the United Nations Children's Fund (UNICEF)), in coalition with donor agencies (the GTZ and DFID) and key non-governmental organizations (NGOs).

### **2.3. The third tier: Technical cooperation**

20. At any given point in time, the ILO is providing concrete technical advice or undertaking longer-term technical cooperation projects that have a direct bearing on the extension of social security coverage in about 30 countries on all continents. A list of more than 60 major technical cooperation reports<sup>16</sup> that have been submitted to constituents and donors since 2004 can be found on the ILO web site. An overview of some typical activities is provided in the following paragraphs.

#### **2.3.1. Africa**

21. One of the highlights in ongoing technical cooperation is the DFID-funded project entitled the ILO Global Campaign for Social Security and Coverage for All as a means to reducing poverty in Africa and Asia, which focuses in particular on the United Republic of Tanzania and Zambia. The aim of the project is to identify the amount of fiscal space needed to implement a minimum social security benefit package. The project first constructs a comprehensive baseline with 15-year status quo expenditure and revenue projections. Then, reform analyses involving an intensive dialogue with the constituents, involved ministries, the UN Country Team and donors will be undertaken. The results so far confirm earlier research findings that the introduction of a universal old-age pension seems to be within the range of affordability.
22. In Ghana, technical support is rendered on a regular basis for the development of the universal health insurance scheme. In South Africa and Lesotho, the Office has entered into a longer-term dialogue on the future of social security in the context of the DWCP. In Zimbabwe, the ILO supported national plans to improve maternity protection and the implementation of the National Health Insurance Scheme.
23. In French-speaking Africa, the STEP programme (financed by the Government of Belgium) has been involved in Benin, Burkina Faso, the Democratic Republic of the Congo, Rwanda and Senegal. It supports national strategies for the extension of social security as part of DWCPs. It also assists countries in the implementation of innovative approaches, such as mutual health organizations for professional groups linked with formal social security institutions, with the aim of progressively achieving universal coverage, and health insurance schemes linked to microfinance. At a subregional level, the STEP programme supported the development of blueprint legislation on mutual health organizations for the West African Economic and Monetary Union. In Senegal, it

<sup>15</sup> *ibid.*

<sup>16</sup> See the ILO Social Security Department web site <http://www.ilo.org/public/english/protection/seccsoc/>.

contributes to the development of the National Social Protection Strategy through the implementation of pilot programmes (for example, social protection systems for workers of the agriculture and transport sectors). In Burkina Faso, Benin and Rwanda, the programme advises on the development of a national strategy of social protection including, inter alia, the extension of health insurance coverage through the implementation of pilot programmes which rely on national and international solidarity.

24. In Portuguese-speaking Africa, the STEP programme (financed by the Government of Portugal) has supported the scaling-up of the national Social Pensions Programme in Cape Verde through the strengthening of operational procedures, the upgrading of the information system and the improvement of the benefit package for social pensioners. In Mozambique, the efforts to extend social protection to the most excluded and towards the progressive establishment of a basic social security package will be supported through a social budgeting exercise. The project (in partnership with DFID, the Government of the Netherlands and UNICEF) also strengthens government capacity to manage, deliver, monitor and upscale the Food Subsidy Programme and participates in the UN efforts to assist the Government of Mozambique in responding to the fallout of the global food price crisis.

### 2.3.2. The Americas

25. In Uruguay, the ILO supported a technical study on the family allowances scheme,<sup>17</sup> which contributed to the discussion of a comprehensive reform that was approved by Congress in December 2007. In Peru, a series of activities has been undertaken over the last five years to help the Government reform the social security system in the context of a social dialogue process, including a financial and actuarial study of the Peruvian Institute of Social Security (EsSalud), further technical studies and support for the drafting of a law on universal social security in Peru. In Ecuador, technical and actuarial assistance was provided to the Government to design a social security system reform. This included assistance to quantify the creation of a basic universal pension scheme aimed at protecting all people over 65 years of age. In Colombia, the STEP programme supports the development of the national subsidized health insurance scheme for the poor. In Trinidad and Tobago, the ILO has supported the development of policy measures and options for the proposed extension of social security to the self-employed, covering legislation (based on scheme regulations and existing labour law), administration and financial advice.
26. In Chile, the ILO, in collaboration with workers, employers and the Government, has contributed over a number of years to a comprehensive reform of the pension scheme. The ILO made proposals with regard to expanding coverage, improving benefits and increasing gender equity and provided a series of reports to a number of consultative seminars and national and international hearings that informed the national decision-making process.<sup>18</sup> Technical cooperation with the budget office through a project providing an actuarial model assisted the Government in evaluating the financial status of the existing system and exploring reform options. In 2006, the Office contributed to the proposals of the national reform commission (the Marcel Commission) on the expansion of contributory components, the introduction and expansion of non-contributory components and the introduction of solidarity mechanisms in financing and coverage. When the draft pension reform law went to Congress in December 2006, the ILO participated in parliamentary and Senate hearings. The law was approved by Congress in January 2008.

<sup>17</sup> OIT: *Asignaciones familiares en Uruguay. Evaluación y propuestas de reforma* (Santiago, 2007).

<sup>18</sup> For more information on the ILO's contribution please see: OIT: *La reforma provisional en Chile y la contribución de la OIT* (Santiago, 2008).

### 2.3.3. Asia

27. In India, the ILO has worked with the Government in developing proposals for extending meaningful old-age and health coverage to workers in the informal economy. Assuming that these proposals come to fruition, along with the ground-breaking National Rural Employment Guarantee Scheme, up to 300 million additional people could be covered. The Office also supports the development of the innovative “Yeshasvini” health insurance scheme for rural farmers in Karnataka, which reaches out to 3 million farmers.
28. In Nepal, the ILO has provided support to review long-standing issues with respect to labour and social security law and to prepare policy discussions in advance of the reconstitution of the Government. Furthermore, at the request of UNICEF, the ILO provided a financial analysis to support proposals for the introduction of a basic social security benefit package which, in the post-conflict environment, would represent a significant “peace dividend”. Within the context of the labour market reform, the ILO provides assistance for the establishment of an unemployment insurance scheme. In Sri Lanka, the ILO helped the social security system cope with the fallout of the Indian Ocean Tsunami and is now conducting a complete review of the existing social security system with a view to strengthening its universal coverage.
29. In Thailand, the ILO has been working for more than two decades on the improvement and extension of social security for private-sector workers. Many ILO Recommendations lead to improvements in population and benefit coverage. The Office recently contributed technical advice and capacity building to national debates on the extension of pension benefits to non-covered population through policy studies and to strengthening the financial sustainability of the Universal Health Care Scheme. In Cambodia, the ILO was instrumental in the establishment of the first social security scheme for private-sector workers, which is planned to be launched by the end of 2008. In Lao People’s Democratic Republic, an ILO project has contributed to the introduction and the extension of the social security scheme for private workers, the reform of the civil service scheme and the establishment of a national master plan on social security extension. In Viet Nam, ILO activities resulted in the establishment of the first ever social security law in 2006.
30. In China, the ILO has provided a complete review of the existing social security system<sup>19</sup> and a comprehensive policy study on extending old-age insurance coverage in the years 2005–06 and is supporting the actuarial section of the Ministry of Labour through longer-term technical dialogue. Furthermore, the ILO traditionally supports actuarial work in Malaysia. In Indonesia, the ILO supported efforts to advance universal social security coverage through technical cooperation projects. Within the framework of the DWCP, it stressed the need to developing a road map for the implementation of the milestone National Social Security System Act and supported new health insurance and conditional cash transfer initiatives.
31. In the Pacific region, the ILO implemented the Subregional Initiative on Social Security for Pacific Island Countries from 2004 to 2006, a major project which includes social security needs assessment surveys in Fiji, Indonesia, Kiribati, the Philippines, Samoa, the Solomon Islands and Vanuatu. The output of the project has been summarized in five comprehensive textbooks on actions to extend social security.

<sup>19</sup> See A. Drouin et al.: *Perspectives on the social security system of China*, Extension of social security, Working paper No. 25 (Geneva, ILO, 2006).



### 2.3.4. The Arab States

32. In Bahrain, the ILO has contributed to the setting-up of an unemployment insurance scheme through the preparation of the policy outline, the actuarial assessment of the proposed scheme and the drafting of the Unemployment Insurance Law, adopted in 2006. In Jordan, the ILO is providing legal and actuarial technical support to the Government for the extension of coverage under the pension scheme, for the establishment of a maternity benefit scheme and for the ratification of the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102). A project for the extension of social security coverage in the Syrian Arab Republic is under development.

### 2.3.5. Europe

33. Unlike in other regions, the major issue with regard to coverage extension in Central and Eastern Europe is closely related to non-compliance with laws and regulations. The ILO conducted a major study on the collection of pension contributions<sup>20</sup> and provided policy advice to the participating countries. It also provided pension advisory services aimed at extending coverage in the countries covered by the European Union's Stability Pact for South Eastern Europe and developed a training manual on gender aspects of pension reform.<sup>21</sup> A regional analysis of the adequacy of pension coverage for women and policy recommendations for addressing gender inequalities in pension provision is under way. Policy advice on pension reform aimed at ensuring a minimum of pension coverage for all workers and at avoiding loss of coverage for women was provided through tripartite discussions in Armenia and Kyrgyzstan. An analysis of the conformity of social security legislation in the Russian Federation with Convention No. 102 is under way.
34. National campaigns for the extension of social security have been formally launched in some of the countries and regions where the ILO is providing technical cooperation, for example, in Ethiopia in 2003; in Nepal, Senegal, Mozambique and Kenya in 2004; in Jordan in 2005; and in the United Republic of Tanzania and Zambia in 2007, in the context of the abovementioned DFID project. In all these countries, the ILO undertook follow-up activities that were determined by national preferences and in all countries except Kenya, activities are still under way. Since national social security development plans that involve ILO activities will increasingly become part of national DWCPs, stand-alone national campaign launches will become less prominent in the future.

## 2.4. The fourth tier: Capacity building

35. One necessary condition for the successful planning, implementation and management of social security policies is the availability of sufficiently trained experts that are able to plan, organize, finance and administer benefit schemes.
36. The ILO, over consecutive programmes and budgets, has invested substantially in this area by compiling the knowledge base and developing training activities, thereby laying the ground for a large-scale initiative to improve the quantitative training of managers and planners in developing countries. So far, the ILO knowledge base has been summarized in five advanced textbooks. Since 2001, the Office has supported a master's degree

<sup>20</sup> E. Fultz; T. Stanovnik (eds): *The collection of pension contributions: Trends, issues and problems in Central and Eastern Europe* (Budapest, ILO, 2004).

<sup>21</sup> ILO: *The gender dimensions of social security reform in Central and Eastern Europe: Training guide* (Budapest, 2004).

programme at the University of Maastricht in the Netherlands, which offers, as an area of specialization, a programme designed by the ILO in collaboration with the University on Social Security Financing and Social Policy Design. As of 2005, a social security track within a master's degree programme for actuaries was established at the University of Lausanne in Switzerland. So far, about 100 experts have been trained and are now applying their acquired skills in their countries.

37. Nevertheless, as the training intensity had to be scaled up considerably to achieve results in the medium term, the ILO launched in 2007 its first regional training programme in quantitative methods applied to social protection in Latin America (QUATRIN AMERICAS).<sup>22</sup> Financed by the new regular budget supplementary account (RBSA) facility, the sister programme QUATRIN AFRICA was launched in June 2008. The basic objective of these programmes is to create or improve capacities for national financial planning and for the financial management of social security systems. Target groups for the training activities are political decision-makers, members of the administrative and supervisory boards of social security systems, managers of social security systems and budget and financial experts in leading ministries.
38. Tailor-made as well as routine training activities have supported government policies to extend social security in a number of countries. The participation of social security experts from government agencies and workers' and employers' organizations in many seminars and workshops organized by the International Training Centre of the ILO also provides for a substantial dissemination of skills in member countries and among constituents.

## 2.5. Summary of experience and lessons learned

39. After five years of campaigning, the experience can be summed up as follows:

- (a) The Campaign's mandate to extend social security to all has provided a useful focus and has served as a catalyst that has helped achieve greater conceptual coherence in the work of the Office in the area of social security and has strengthened the role and visibility of social security in the ILO Decent Work Agenda.
- (b) Campaign research and policy development activities have helped put social security coverage on the agenda of international development policy. The objective of extending social security to all is now supported by the United Nations,<sup>23</sup> the European Union,<sup>24</sup> many national development agencies and the G-8.<sup>25</sup> The dialogue with social partner organizations and partnerships with other UN agencies and major NGOs is more vibrant than ever.

<sup>22</sup> The programme started in Nov. 2007 in Chile, with a training course on actuarial and financial techniques, with the participation of a select group of government staff. For further information on QUATRIN AMERICAS please see: <http://socialprotection.etcilo.org/index4.php?mod=info&id=24,28>.

<sup>23</sup> See United Nations Economic and Social Council (E/2006)/L.8, para.19.

<sup>24</sup> See Commission of the European Communities: *Investing in people: Communication on the thematic programme for human and social development and the financial perspectives for 2007–13*, Communication from the Commission to the Council and the European Parliament (Brussels, 2006).

<sup>25</sup> See *Growth and responsibility in the world economy*, Summit declaration (7 June 2007) from the G-8 Summit in Heiligendamm in 2007, which stated: "We recognize that in conjunction with economic growth and active labour market policies, social security is an instrument for sustainable social and economic development."

- (c) The volume, resources and conceptual coherence of technical cooperation activities in social security have increased considerably. Country activities are increasingly turning into longer-term programmes based on sustained national dialogues with social partners and stakeholders rather than ad hoc short-term inputs. Social security is the most prominent addressee of the newly created RBSA funds.
  - (d) National campaign activities have also shown that successful national support depends on two crucial prerequisites: longer-term national commitment and political will to invest in the extension of social security by putting in place relevant legislation and allocating necessary resources as well as sustaining the capacity of the ILO to support the process. Given the capacity constraints of the ILO, this will have to lead to a greater focus of increasing external resources on a smaller number of “trailblazer” countries.
  - (e) The relatively large investments over the last half decade in training and capacity building is beginning to pay off in terms of improved management and governance, but also in terms of a wider awareness of ILO values and social security principles in national administrations.
40. One of the main conceptual problems of the Global Campaign was that the potential of the two classical avenues to extend social security, the formal sector-focused social insurance schemes and the community-based insurance schemes, is limited when trying to reach out to socially excluded populations largely in the informal economy. The extension of these insurance approaches to as many people as possible is an integrated part of the Campaign. However, the fulfilment of the Global Campaign’s mandate to extend social security to all, which has just been renewed in the ILO Declaration on Social Justice for a Fair Globalization,<sup>26</sup> demands also the development of additional policy instruments.
41. These policies have to embrace the emerging international experience of conditional and unconditional cash transfers and universal tax-financed benefits. A credible strategy to promote universal social security realistically needs first to focus on modest benefits for all and then promote higher levels of security as economies develop further and fiscal space for social transfers widens. However, the legitimacy of the ILO’s action rests on the international labour standards that give effect to its general constitutional mandate. One of the central questions of the Global Campaign thus remains whether the focus on fast extension of some basic levels of security to all is sufficiently backed by existing ILO mechanisms.

### 3. ILO standards and their role in defining the policy of the Global Campaign

42. In March 2007, the Governments of Germany and the Netherlands asked the Office to prepare a technical paper on strengthening social security and coverage for all through ILO social security standards. The Office took the opportunity to analyse the legal base for the emerging policy paradigm of the Global Campaign. Separate consultations with social security experts and ILO constituents were undertaken in the process.

<sup>26</sup> ILO: Declaration on Social Justice for a Fair Globalization, International Labour Conference, 97th Session, Geneva, 2008.

43. The main findings of the Office paper <sup>27</sup> are:

- (a) Convention No. 102, as the ILO's flagship Convention on social security, embodies an internationally accepted definition of the principles of social security and has been recognized as a symbol of social progress. It plays a key role in defining the right to social security under international human rights instruments and has to date been ratified by 44 countries (31 in Europe, seven in Latin America, five in Africa and one in Asia). This and other up to date social security Conventions have had and continue to have a positive impact on the development of social security schemes in most countries worldwide and serve as models for regional instruments and national laws.
- (b) However, the up to date social security Conventions, including Convention No. 102, show limitations in ensuring the provision of a defined minimum benefit package. In particular, they do not define priority benefits and do not require universal coverage.
- (c) While Convention No. 102 remains the ILO's flagship and key Convention on social security, consideration should be given to the elaboration of a mechanism that can provide further guidance to countries in the establishment of a priority package consisting of the four basic guarantees as defined in section 2.2 above, as a first step towards the establishment of a comprehensive social security system as outlined in Convention No. 102. The primary goal would be to define priority benefits that could rapidly and significantly increase coverage.

44. The Office paper identified a range of options that could provide enhanced legitimacy to the campaign strategy, ranging from a new promotional strategy for existing standards to new mechanisms more effectively promoting the universal human right to a minimum social security benefits package.

45. During informal consultations during the preparation of the paper, the constituents expressed a range of views on the subject of a possible new normative mechanism. Most constituents agreed that Convention No. 102 was a valid global benchmark for the extension of social security and that its promotion should be strengthened. Many representatives acknowledged the need to promote social security for all through the ILO Global Campaign, using the different policy instruments at the disposal of the ILO to achieve this objective. They insisted that the development of any new mechanism should not weaken the existing benefit standards set by Convention No. 102. Some governments expressed a preference for a combination of a stricter promotion of Convention No. 102 with a new stand-alone instrument for the effective implementation of the basic social security package and progressive realization of levels of protection, as laid down in Convention No. 102. Other constituents favoured a non-binding instrument or framework.

46. The Office recognizes that the extraordinary political importance of the subject requires in-depth consultations with and among constituents. It is suggested that this dialogue be taken forward through a tripartite technical meeting in early 2009. Funding for this could be explored with interested governments.

## 4. Suggested further course of action

47. In the light of the above, the Committee may wish to request the Office to continue its work on the extension of social security and, in particular, to:

<sup>27</sup> ILO: *Setting social security standards in a global society: An analysis of present state and practice and of future options for global social security standard setting in the International Labour Office*, Social Security Policy Briefings, Paper No. 2 (Geneva, 2008).

- (a) improve the visibility of the Global Campaign through increased investment in the communication of research, best practice and policy documents;
- (b) seek additional extra-budgetary funding for the Global Campaign to carry out further activities in the framework of DWCPs;
- (c) pursue tripartite consultations on the elements and possible form of an additional mechanism to guide improvements of social security coverage in member States during the first half of 2009; and
- (d) report back to the Committee on the progress made and possible follow-up during the Governing Body session in November 2009.

Geneva, 9 October 2008.

*Submitted for debate and guidance.*