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INTERNATIONAL SOCIAL SECURITY ASSOCIATION

ISSA strategy for the extension of social security coverage

Adopted by the ISSA Bureau
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The International Social Security Association (ISSA) is the world's leading international organization bringing together national social security administrations and agencies. The ISSA provides information, research, expert advice and platforms for members to build and promote dynamic social security systems and policy worldwide.

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1. Introduction

The International Social Security Association (ISSA) is the world's leading international organization bringing together national social security administrations and agencies. The ISSA provides information, research, expert advice and platforms for members to build and promote dynamic social security systems and policy worldwide. Founded in 1927, the ISSA has around 340 member organizations in nearly 150 countries.

Social security is a human right, enshrined in the Universal Declaration of Human Rights as well as the International Covenant on Economic, Social and Cultural Rights. Yet to date, the majority of the world's population does not have access to adequate social security coverage.

In line with its strategic vision of Dynamic Social Security, the ISSA and its member institutions are committed to the extension of coverage and to promoting the important role of social security institutions in reaching this objective. Social security institutions have high potential and unique opportunities to work towards the extension of coverage and they are key actors in national extension strategies.

While the ISSA has tackled coverage extension at many conferences and in a number of publications, the crucial importance of improved coverage prompted the ISSA to develop an explicit strategy to guide and structure its activities in the future. This strategy was developed by a Task Force established by the ISSA Bureau during 2008 and 2009, and presented to the global ISSA membership at the World Social Security Forum 2010.

This document outlines the ISSA strategy. It defines the priority challenges for coverage extension, specific opportunities for social security institutions, a collaborative ISSA process for defining action plans of social security institutions to work towards extending coverage and the role of the ISSA in supporting its member institutions to implement these plans.

2. Priority extension challenges for ISSA members

The challenges related to the extension of coverage are often specific to the socio-economic situation of a country and the institutional structure of its existing social security system. In line with the priorities of its membership, the ISSA centres its strategy on actions for social security institutions to develop solutions for the following priority challenges:

2.1. Extension of health care coverage

Timely access to quality and affordable health care is a key social security priority for ISSA member institutions. It improves individual well-being, contributes to social and economic development and has a high potential in preventing poverty. However, a large part of the world population does not enjoy such access and individual out-of-pocket payments for financing health care constitute a heavy burden and poverty risk for individuals in many countries.

2.2. Extension of coverage by old-age, invalidity and survivors' pension schemes

The issue of closing the pension coverage gap has become a central concern among national policy-makers and multilateral institutions. Compulsory schemes often cover less than 25 per cent of the labour force in low-income countries and between 25 and 50 per cent in middle-income countries. Also in high-income countries, some parts of the population may not be covered. In addition to challenges related to population coverage, recent reductions in replacement rates of many pension schemes to ensure financial sustainability require individuals to diversify the sources for old-age income to prevent old-age poverty.

2.3. Administration of tax-financed minimum benefit schemes

High-income countries have generally implemented universal basic social protection schemes. To reduce poverty and give immediate access to a basic level of protection, many middle-income countries and a growing number of low-income countries are establishing, or are considering to establish, non-contributory conditional or non-conditional cash transfer schemes for basic income, pension and child benefit schemes. A lack of capacity in the administration of these schemes constitutes a serious barrier to their effective implementation.

2.4. Extension of coverage by unemployment schemes

Unemployment benefits constitute a key element in any comprehensive social security system. In view of the present employment crisis the issue of unemployment protection is likely to become even more important in the years to come, particularly in middle- and high-income countries. Coupled to the issue of active employment policies, the extension of unemployment insurance is a key investment in both social and economic stability and human capital development.

2.5. Establishment and extension of insurance for long-term care

In addition to the general demographic ageing of many populations, the population aged 80 years or over is growing more rapidly than other segments of the older population in most countries. While this often means adding healthy life-years to a person's life expectancy, the prevalence of chronic conditions and the need for long-term care in old-age are also increasing. As the financial consequences of the need for care can be substantial for individuals and societies, the establishment or extension of long-term care schemes is an important priority.

2.6. Providing access to adequate social security coverage for migrant workers

While migratory flows have increased in the globalized economy, many migrants, and in particular women, are not covered in either their country of employment or their country of origin. In particular, South-South migrants have virtually no social security coverage. Identifying solutions to extending coverage to migrant workers is therefore crucial and will benefit a highly vulnerable group of the world population.

2.7. Compliance and contribution collection

Wide population coverage cannot be achieved without appropriate and functioning contribution collection systems, which includes compliance and enforcement. While it is difficult to assess the precise level of non-compliance, it is broadly recognized as an important problem, particularly in low- and middle-income countries. Non-compliance and evasion has serious consequences for the level of protection of scheme members as well as the financial and social legitimacy of social security schemes.

3. Opportunities for social security institutions

As much as the specific priority challenges vary from country to country, there is also no “one-size-fits-all” approach to extending coverage. Social security institutions, however, have a crucial role and high potential to work effectively towards the extension of coverage.

Evidently, many actions to extend coverage are formulated at the policy-making level and are therefore beyond the mandate of social security institutions. Where such national initiatives exist, social security institutions may play an important role both in the formulation and implementation of such policies. Yet, even in the absence of specific national extension initiatives and policies, social security institutions may have a number of important opportunities to work towards improving and extending protection.

For the ISSA, social security institutions have a high potential for successfully working towards extending social security coverage through at least four means of action:

3.1. Improving compliance and contribution collection

Compliance and a high collection rate must be key objectives for social security institutions administering contributory schemes. Where compliance gaps are identified, social security institutions can take actions to ensure that eligible individuals and their employers actually contribute to the system. Where specific administrative or transaction cost barriers to contribution collection exist, social security institutions can innovate and consider measures to overcome these barriers. Guidance is provided by the facilitating factors identified by the ISSA that combine to form the basis of success in contribution collection: (a) Organizational location; (b) Maturity of programme; (c) Degree of coverage size and diversity of workforce; (d) Degree of automation; (e) Coordination with outside organizations; (f) Constant evaluation and adjustment; and (g) Fostering a culture of social security contributions.

3.2. Extend coverage to groups that are typically difficult to cover by contributory schemes

Extending coverage to difficult-to-cover groups of workers, most of which belong to the informal economy, requires social security institutions to innovate and seek new administrative solutions. The inclusion of such groups requires taking into account the specific conditions, needs and financial capacities of such groups, and innovations may include adaptations to benefit packages, voluntary membership initiatives or collaboration with community-based or other types of schemes.

3.3. Contribute to the successful administration of tax-financed minimum benefit schemes

As outlined above, many countries consider the establishment of tax-financed minimum benefit schemes as a measure to provide immediate access to basic social protection coverage to their populations. However, social security institutions are often the only national body with the capacity to administer a large scale social benefit scheme and may therefore play an important role in the implementation of the new schemes. While this would often require an extension of the mandate of social security institutions, they may in many cases also proactively offer their expertise and become involved in the implementation of the new schemes.

3.4. Advocate for the extension of social security coverage at the national political level

In many countries, the development of social security is gaining increasing importance on government agendas, and not least the economic and financial crisis has once again confirmed the importance of social security. In this context, social security institutions have a high potential to advocate for coverage extension at the national political level and to offer their expertise and experience in the policy-making process leading to more effective social security measures and extension outcomes.

4. An ISSA strategy for action

The ISSA strategy for action is rooted in the capacities and initiatives of social security institutions. Based on the commitment of the ISSA and its member institutions to the extension of social security coverage, the identified priority challenges and the high potential for social security institutions to make a difference, the ISSA will facilitate a process consisting of the following steps:

- ISSA member institutions define concrete objectives for coverage extension;
- ISSA member institutions develop action plans based on an analysis of the current situation and including a number of steps towards making progress to reaching these objectives. These action plans focus on one or several of the priority extension challenges and the four opportunities for social security institutions outlined above;
- ISSA member institutions implement the action plans over a defined period of time;
- ISSA member institutions report and exchange on their experiences based on the indicators that had been developed.

The ISSA facilitates this process and support ISSA member institutions in formulating and implementing their action plans through relevant knowledge, appropriate platforms to exchange and activities to facilitate the capacity of members to work towards the extension of coverage:

- Organization of the platforms necessary for ISSA member institutions to define objectives;
- Publication of a handbook on social security extension strategies and good practice solutions for improving contribution collection and extending coverage to populations difficult to cover;
- Research into solutions for priority challenges leading to technical reports and practical good practice approaches;
- Support to members' capacity building efforts through:

- Training modules;
- Training seminars;
- Roster of experts and consultants;
- Promotion of member-to-member exchange and support, for instance through twinning relationships;
- Establishment of an electronic forum for exchange on social security coverage extension
- Establishment of a mechanism to periodically monitor and report on progress achieved and lessons learned;
- Establishment of a positive environment for national strategies through promoting social security coverage extension at the international level and partnerships with international organizations such as the International Labour Office (ILO), World Bank, World Health Organization (WHO), donors and civil society organizations.

5. The importance of partnerships at the international level

There are a number of international organizations that work towards the extension of social security coverage. First and foremost, the ILO has developed the concept of a basic social floor as the way ahead. While the ISSA has a unique niche to work with social security institutions rather than policy-making institutions on social security extension, the need for collaboration at the international level is evident.

This is not only an issue of avoiding duplication and increasing efficiency, but in particular to bring together experiences and guide national activities through strengthened and coherent international approaches.

In the implementation of its strategy, the ISSA will therefore collaborate with international partners and in particular seek to link to and support the activities of the ILO on extension of social protection.

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