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Social Security Worldwide.

Highlights of the ISSA's Survey on Social Security in Times of Crisis

Seminar on Social Security in Times of Crisis:
Impact, Challenges and Responses
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Survey – Preliminary Findings

- 47 responses from social security institutions in 43 countries administering old age pensions; disability; survivorship; family benefits; work injury and compensation; unemployment; sickness and maternity insurance
- Good regional representation
- Insight into effects of the crisis, policy approaches and lessons learned



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Social security under pressure

- Less revenue from contributions and investment income
- More expenditure due to an increase in the demand for social security and assistance benefits and due to the implementation of new benefits
- Economic recovery spending and social spending trade-off
- Liquidity problems may arise

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A proactive social security is indispensable

- Measures to increase efficiency and accountability: exceptional benefit claims and moral hazard risk
- At national level, social security has been largely included in economic recovery measures
- Measures adopted: new social security benefits, increase in benefits, an easing of the qualifying conditions of benefits, greater training and re-skilling for unemployed persons, tax reductions, investment in infrastructure and relaxation of state borrowing limits

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Uneven Social Security funds performance

- Social security funds in developing countries less affected (most of them with positives results) but anticipate an impact
- Crisis may be an opportunity for those funds that are not using reserves and are receiving cash inflows
- Investment performance ranged from -29.5% to +15.8%. Estimated negative investment performance in major funds: \$225 billion (2008).

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Strong impact on labour markets

- Sharp increase in unemployment rates and non-compliance
- Impact on social security administrative processes, incl. as a result of high numbers of new unemployment benefit claims
- Wide range of social security responses: increase in unemployment benefits; extend benefit duration; exceptional unemployment allocations; easing qualifying conditions; new, and extend existing, work-sharing agreements; training and re-skilling; promotion of labour-intensive sectors; extend health coverage to the unemployed
- Urgent need for social security where unemployment is not covered

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Conclusion and lessons learned

- Social security institutions are responding to the crisis in a dynamic and innovative way; social security a core element in public politics aimed at supporting economic recovery and employment and reducing the social impacts of the economic downturn
- Modification in the investment strategy: moving towards less risky assets; rebalancing portfolios to take advantage of the recovery when it comes
- Incorporation of adverse outcomes in the evaluation of social security programmes (e.g. crisis scenario)
- Revision of risk management and tolerances
- Need for better regulation in the provision of social security by the private sector
- Need for more attention to macroeconomic indicators.



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