

Administrative Solutions for Extending Coverage

Edition 2016



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Introduction

The challenge of extending full access to social security coverage to all those who have a right to it is an issue across all branches of social security, and permeates all institutions to various degrees. These guidelines identify administrative solutions to improve access to contributory social security programmes for populations that are difficult to cover; the so-called hard to reach. Consistent with its strategic vision of Dynamic Social Security, the International Social Security Association (ISSA) promotes the extension of social security coverage through a number of measures, including the ISSA Strategy for the Extension of Social Security Coverage, the publication of ISSA handbooks on coverage extension to self-employed and migrant workers, and special studies on the extension of social security coverage, such as the report on the BRICS countries and the Framework Guidance Document on social security for migrant workers in Eurasia.

Objectives of the *ISSA Guidelines on Administrative Solutions for Coverage Extension*

The *ISSA Guidelines on Administrative Solutions for Coverage Extension* aim at strengthening the capacities of social security administrations to deliver effective contributory programmes and to work towards the extension of coverage to groups that are typically difficult to cover. In the context of these guidelines, groups that are typically difficult to cover refer to a wide variety of workers, such as self-employed workers, migrant workers and domestic workers, who are often engaged in the informal economy, and workers in the agricultural and fisheries sectors.

Different comprehensive strategies to extend coverage to hard-to-reach groups

Universal social security coverage can be achieved through a combination of: mandatory contributory programmes; subsidized contributory programmes (i.e. where part of the premium is tax financed); non-contributory, tax-financed programmes; voluntary contributory schemes; and in-kind benefits. Specific national challenges require country-specific approaches. While universal basic non-contributory programmes can be realized within a relatively short period of time – the development of mobile technologies, for instance, is helping to realize more rapid coverage extension – many countries continue, in a manner that mirrors the earlier expansion of social security throughout the twentieth century, to introduce and extend contributory social security programmes gradually, by first providing access to selected groups of workers and employers. In the first instance, prioritized selected groups are typically those who are most readily capable of being formally registered by administrations and who have the capacity to pay regular contributions. Thereafter, countries move progressively to improving the comprehensiveness – in scope and depth – of national social security coverage in line with labour market developments and social and economic advancement. This is often referred to as the five-step developmental approach, i.e. from no provision to the introduction of a first programme, from a limited to a greater number of covered people, from one programme to more comprehensive coverage for a greater number of risks, from a basic to a more generous level of benefits, and from fragmented schemes to more coordinated and integrated systems with due consideration given to issues of adequacy, equity, portability and long-term sustainability.

With the aim of ensuring that all members of society have effective access to at least a basic level of social security throughout their lives, the International Labour Organization (ILO) Recommendation concerning National Floors of Social Protection, 2012 (No. 202), has reinforced the existing international

social security standards. It provides guidance on ensuring coverage for all, thus including the formerly unprotected, an important group among which in many countries are workers in the informal economy and their families.

Establishing and maintaining national floors of social protection is of critical importance in extending social security coverage. According to ILO's normative instruments, national floors of social protection should comprise at least the following basic social security guarantees, as defined at the national level:

- Universal access to essential health care, including maternity care;
- Basic income security for children, providing access to nutrition, education, care and any other necessary goods and services;
- Basic income security for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability;
- Basic income security for older persons.

In addition, the ILO Recommendation concerning the Transition from the Informal to the Formal Economy, 2015 (No. 204), recognizes the lack of protection of workers in the informal economy, and provides guidance for improving their social security protection and facilitating their transition to work in the formal economy.

The administrative solutions proposed in these guidelines are, in many respects, useful in the implementation of both recommendations.

All social security programmes have explicit and often multiple aims (e.g. poverty alleviation, redistribution, consumption smoothing, insurance). The pursuit of these aims determines to a large extent the financing mechanism chosen to fund the programme. While non-contributory programmes have a particularly important positive impact on alleviating poverty and have resulted in rapid basic coverage extension in many countries – especially for the female population and vulnerable and disadvantaged groups – the introduction and extension of such schemes require significant fiscal resources. Programmes designed to compensate workers for income lost when they are economically inactive or, after retirement, when they have exited the workforce, are typically financed predominantly by contributions by the worker and the employer. For the benefits provided by contributory programmes, there is an expectation that the level of benefit be linked to some measure of the worker's former earnings; according to the national economic context, this measure determines the relative (consumption smoothing) adequacy of the cash value of the benefit. As people's living standards improve and their expectations rise, and as greater household income and fiscal space and institutional capacity permit, the scope and depth of social security coverage may expand. To ensure the sustainable realization of the multiple aims of social security programmes that comprise the national social security system, it is important to make coherent use of contributory and non-contributory financing mechanisms and to take into account the relative incentives and disincentives for workers, employers and the covered population created by the use of both contributory and non-contributory coverage mechanisms.

Opportunely for the managers of such programmes, many functions are similar. With the goal of improving administration, when comparing registration mechanisms, back-office processing, communications, service delivery, payment of benefits and appeals processes, there is much to be gained in leveraging these similarities and, where possible, compatible business approaches should be developed.

Major challenges to extending contributory programmes

With regard to contributory programmes, the stated coverage priority of populations is often to ensure effective access to quality and affordable health-care insurance. In terms of social security institutional practice, the most common contributory programmes offering cash benefits to formal economy workers are those for old age, disability and survivorship, followed closely by work injury and health care. Contributory long-term care programmes are rare, even among the most developed economies, a situation that will undoubtedly need to be addressed in the medium term, given the ageing of the population. Unemployment insurance programmes are becoming more commonplace, but are available in fewer than half of all the countries in the world. In many countries, cash benefits for sickness, maternity and family allowances are financed by employers and employees' contributions.

To better extend coverage and support the formalization of work, the administration and design of contributory programmes has to take into account the characteristics and special circumstances of those groups that are difficult to cover (or hard to reach), which typically include those who have:

Frequent changes of jobs and place of work. For social security administrations, such frequent changes result in difficulties in registration, record-keeping and collection of contributions, as well as the totalization of benefits, especially when schemes are fragmented according to groups and regions, and lack effective coordination and the support of an appropriate information and communication technology (ICT) system. In such conditions, the challenges are multi-registration and the duplication of benefit payments, which are likely to result in integrity issues and increased programme costs. Consequently, greater and improved coordination is required between different schemes.

Low and fluctuating contributory capacity. Such a condition makes it difficult to determine the appropriate bases for calculating contributions and benefits, and presents challenges for the full and regular payment of contributions, even for priority areas such as health care, as well as for long-term benefits such as pensions. Contribution levels and the resulting benefit structures should seek to accommodate the contributory capacity of workers with low and fluctuating (including seasonal) income flows. Incentives can be put into place, including contribution subsidies, to support the payment of contributions.

No formal employer-employee relationship. Employers provide a formal interface with the social security institution, often with a legal obligation regarding the registration of employees and the timely and full payment of their own contributions and those of their employees. The challenge for the social security institution is to develop appropriate administrative solutions to support workers who are not active in the regulated formal economy or who are self-employed workers, to simplify administrative processes for and reduce bureaucratic obstacles to the payment of contributions.

Lower levels of literacy. The hard-to-reach population is often illiterate or may not speak the national official language, for example in the case of migrant workers. They may not have the skills to use, or have access to, modern web-based tools.

Lower degrees of organization compared with formal economy workers. Workers among the difficult-to-cover population are often less organized than workers in the formal economy. Where trade unions or professional organizations such as co-operatives, fishers' associations and migrant workers' organizations exist, the social security institution may prioritize collaboration with these bodies to act as a bridge to formalize workers through registration and the collection of contributions.

Barriers to administrative access. The lack of necessary formal identification documents, difficulties in communicating in the official language and with conventional communication tools, geographical remoteness, discrimination and stigma experienced by certain groups such as domestic workers, and a lack of access to the formal banking and financial services sector are some of the barriers that result in higher programme administrative costs compared with programmes covering workers in the formal economy. The challenge is to adopt appropriate and cost-effective means to improve access, for example through appropriate modern communications channels, well-equipped mobile offices and community-based third party organizations.

Structure of the *ISSA Guidelines on Administrative Solutions for Coverage Extension*

The Guidelines are organized in six parts.

Part A, Assessing and Contributing to the Enabling Environment, addresses various measures to gauge the extent to which the necessary external building blocks are in place.

Part B, Ensuring Institutional Readiness, points to the key capacities enabling social security institutions to work towards extending coverage to difficult-to-cover groups.

Part C, Increasing Awareness and Reaching out to Difficult-to-Cover Groups, highlights the importance of communicating the programme features and the values of social security in a way that is adapted to difficult-to-cover groups.

Part D, Developing a Cost-Effective Registration System, provides guidance on identifying and registering populations who are unfamiliar with such processes.

Part E, Identifying Proper Solutions to Collect Contributions and Improve Compliance, seeks to ensure that the contribution calculation, as well as collection methods and processes, respond to the specific needs and circumstances of difficult-to-cover groups.

Part F, Delivering Services and Benefits in a Timely, Accurate and Effective Way, provides guidance on how social security institutions can effectively provide benefits and services that respond to the specific needs and circumstances of difficult-to-cover groups.

Within each part, specific guidelines are grouped according to how particular elements of the process may be applied. They are presented as follows.

Guideline. The guideline is stated as clearly as possible.

Structure. This is the suggested structure that may support the application of the guideline and facilitate the promotion of the underlying principle. The structure indicates the goals and framework established by the board and management.

Mechanism. There are different ways through which a guideline may be implemented.

The Guidelines also include a self-assessment tool for social security administrations and links to technical references and examples of good practice.

A. Assessing and Contributing to the Enabling Environment

Through measures that ensure the necessary legal framework, social security institutions are encouraged to take a proactive role in extending coverage.

Guideline 1. Assessing the enabling environment

The institution is aware of the strategic importance of the enabling environment required to support the extension of social security coverage to difficult-to-cover groups. It identifies the elements that it could leverage and the gaps/weaknesses in coverage that should be mitigated.

Guideline 2. Securing the required authority for coverage extension

The institution ensures it has the required authority to pursue the innovative administrative solutions it has identified.

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B. Ensuring Institutional Readiness

Key capacities – some internal to the institution, some external – enable social security institutions to work towards the extension of coverage. In most cases, the extension of coverage is a horizontal endeavour requiring the collaboration of a variety of institutional players.

Guideline 3. Formulating a strategic coverage extension plan

The institution develops a long-term social security coverage extension plan subject to the guidance and support of the relevant authority. The inclusion of relevant stakeholders in the development of the plan helps to identify issues early but also helps in securing external support in the implementation phase.

Guideline 4. Leveraging partners in administering the scheme

The institution develops partnerships with various organizations for the purpose of reaching potential beneficiaries, reducing administrative costs and increasing service quality and integrity.

Guideline 5. Setting appropriate standards for different services and facilities

The institution sets easy-to-measure standards for the various services it offers to difficult-to-cover groups across its service delivery network.

Guideline 6. Establishing adequate ICT capacity

The institution develops adequate information and communication technology (ICT) capacity, including infrastructure, software and a team of professional staff.

Guideline 7. Putting in place a responsive administrative structure

The institution establishes an efficient organizational structure adapted to the needs and circumstances of difficult-to-cover groups.

C. Increasing Awareness and Reaching out to Difficult-to-Cover Groups

Communication is key to effective outreach to targeted populations, to provide information on the programmes available and to raise awareness of the benefits of social security for them, their family and their community.

Guideline 8. Establishing a communication strategy to make contact and build trust with population groups that are difficult to cover, including informal-economy workers

The institution develops a strategy to reach out to groups by taking into account their needs, characteristics and local circumstances.

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D. Developing an Effective Registration System

Reaching out to difficult-to-cover groups involves identifying and registering populations who may be unfamiliar with government processes.

Guideline 9. Establishing an identification system

The institution establishes a strategy to identify the population groups to be covered either through in-house efforts or in partnerships with external organizations.

Guideline 10. Simplifying information requirements for registration

The institution simplifies the information requirements and facilitates registration of targeted groups.

Guideline 11. Facilitating the registration process

The institution adopts appropriate measures to facilitate effective registration of difficult-to-cover groups.

Guideline 12. Implementing data quality assurance mechanisms

The institution establishes data quality assurance mechanisms to guarantee the integrity of the relevant administrative processes.

E. Identifying Proper Solutions to Collect Contributions and Improve Compliance

Compliance regarding the payment of contributions is important for all types of contributory schemes, including voluntary and subsidized ones, as it provides the evidence of eligibility and ensures the financing for the accrued benefits.

Guideline 13. Formulating appropriate bases for the establishment of contribution rates

The institution establishes calculation bases and contribution rates that are transparent and adapted to the needs of difficult-to-cover people.

Guideline 14. Adopting appropriate methods for and frequency of contribution payments

The institution attaches great importance to electronic payment, and uses the most appropriate methods for and frequency of contribution payments in light of the needs and capacities of targeted groups.

Guideline 15. Collaborating with other organizations to collect contributions and enforce compliance

The institution collaborates with external organizations on operational processes to collect contributions and enforce compliance among difficult-to-cover groups.

Guideline 16. Supporting voluntary compliance and formalization

The institution combines administrative solutions with supporting policy measures to foster compliance with minimal intervention required.

Guideline 17. Adopting a proactive strategy on addressing administrative error, evasion of contributions and fraud

The institution defines a strategy on administrative error risk management, evasion of contributions and fraud control for difficult-to-cover groups as part of its overall compliance strategy that gives due consideration to the processes, people (internal and external), data and technology.

F. Delivering Services and Benefits in a Timely, Accurate and Effective Way

Social security institutions should effectively provide benefits and services that respond to the specific needs and circumstances of difficult-to-cover groups.

Guideline 18. Formulating a service delivery plan

The institution designs a citizen-centric service delivery plan that balances service with resources and establishes a road map for improvement.

Guideline 19. Making optimal use of electronic payment and e-services

The institution embraces electronic payment and online services and builds its success as an agency that adopts smart and cost-effective ways of delivering benefits and services and collecting contributions, giving due consideration to technical limitations and the characteristics of the target groups.

Guideline 20. Maintaining an adequate network for personally delivered/virtual services

The institution maintains and constantly improves a service delivery network that accommodates the special needs of difficult-to-cover people.

Guideline 21. Improving coordination and the portability of social security rights and benefits

The institution adopts a long-term strategy to introduce and constantly improve the coordination and portability of benefits between different schemes in the national jurisdiction as well as between schemes in different countries that have entered into bilateral or multilateral social security agreements.

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