



issa

INTERNATIONAL SOCIAL SECURITY ASSOCIATION

DEVELOPMENTS & TRENDS

Dynamic Social Security: A global commitment to excellence

GLOBAL REPORT 2013



Dynamic Social Security: A global commitment to excellence

**DEVELOPMENTS AND TRENDS
GLOBAL REPORT 2013**

International Social Security Association
Geneva, 2013

Publications of the International Social Security Association enjoy copyright. Nevertheless, short excerpts from them may be reproduced without authorization for non-profit purposes on condition that the source is indicated. For rights of reproduction or translation, application should be made to the International Social Security Association, ISSA Publications, Case postale 1, CH-1211 Geneva 22, Switzerland.

The designations employed herein, which are in conformity with United Nations practice, do not imply the expression of any opinion on the part of the ISSA concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

While care has been taken in the preparation and reproduction of the data published herein, the ISSA declines liability for any inaccuracy, omission or other error in the data, and, in general, for any financial or other loss or damage in any way resulting from the use of this publication.

The report is available in electronic format: www.issa.int

Also published in French
*Sécurité sociale dynamique:
un engagement global vers l'excellence*

Also published in Spanish
*Seguridad Social Dinámica:
Un compromiso global para la excelencia*

Also published in German
*Dynamische soziale Sicherheit:
Ein globales Engagement für Exzellenz*

Printed in Switzerland

ISBN 978-92-843-1200-9
ISSN (print) 2071-3908
ISSN (online) 2071-3916

© International Social Security Association 2013

Contents

V | PREFACE

1 | CHAPTER 1 Introduction

5 | CHAPTER 2 Robust social security systems:
Effective responses to short-term shocks and long-term pressures

13 | CHAPTER 3 Progress in coverage extension:
International momentum and national innovation

19 | CHAPTER 4 Proactive and preventive approaches:
Mainstreaming across all social security branches and regions

25 | CHAPTER 5 High performance in administration:
Doing more with less and doing it well

31 | CHAPTER 6 Conclusion

35 | REFERENCES

Online data for the 2013 global Developments and Trends report

Global and comparative regional data produced to accompany this report are available at <http://www.issa.int/data-DT>.

ACKNOWLEDGEMENTS

The report was produced under the responsibility of the ISSA's Social Security Observatory.

The report was prepared by Simon Brimblecombe, Jaime Arevalo, Gwenaël Dhaene, Dmitri Karasyov, Florian Léger, Shea McClanahan, Maribel Ortiz, Raúl Ruggia Frick, Jens Schremmer, Bernd Treichel and Yukun Zhu.

Roddy McKinnon edited the report and coordinated the design and production. Frédérique Bocquet and Tobias Bühner provided production support.

Preface

This Developments and Trends report *Dynamic Social Security: A global commitment to excellence* – has been prepared for the World Social Security Forum, organized by the International Social Security Association (ISSA), and hosted by the General Retirement and Social Insurance Authority, in Doha, Qatar, from 10 to 15 November 2013.

An important objective for the triennium 2011–2013 has been to strengthen the ISSA's capacities to encourage, promote and support administrative excellence within social security organizations. The choice of this objective reflects two important realities. First, despite often constrained resources, administrations are being asked to satisfy mounting demands and expectations for improved service delivery, to “do more with less”. Second, in fulfilling their roles as public service agencies, administrations are expected to not only “do the right things – but to do things right”. A major element in meeting these demands satisfactorily is to ensure continuing progress towards excellence in social security administration, which is a central pillar of the ISSA's strategic vision of Dynamic Social Security. In support of the realization of these expectations, the third World Social Security Forum will see the launch of the ISSA Guidelines – representing authoritative international professional standards in social security administration – and the ISSA Centre for Excellence. The Centre will provide ISSA member organizations with tailored

practical support to implement the Guidelines in their efforts to develop well-governed and high-performing social security administrations. We are witnessing a major turning point in the work of the Association.

The evidence of recent developments and trends reflects that the pursuit of excellence in social security administration is more necessary than ever. This is equally so for realizing improvements in the quality of benefits and client-oriented services in the short term as it is for ensuring the operational sustainability and good governance of social security systems in the longer term. In this regard, social security organizations are increasingly setting the pace for public administration by adopting a more proactive stance, enabling as well as leading administrative reform initiatives and also creating policy space for further innovation. As the global community reflects on the content of the post-2015 development objectives, I am convinced that the goal of furthering the horizontal and vertical extension of social security coverage will, to an important degree, be made possible by the continuing improvements in social security administration put into practice by ISSA member organizations' commitment to excellence.

Hans-Horst Konkolewsky
Secretary General

CHAPTER 1

Introduction

The aim of this global report is to present an overview of developments and trends in social security during the triennium 2011–2013. The analysis presented here reflects the issues covered in the four-volume series of regional Developments and Trends reports completed to accompany this triennium's Regional Social Security Forums held in Arusha, Seoul, Lima and Istanbul.

The last three years have been dominated by the impacts of the financial and economic crisis on social security systems around the world, which have considerably transformed the environment in which social security institutions operate. Although there has been considerable regional variation, the resulting changes in the labour market, economic, financial, health and social environments have required a rethinking of the roles of social security programmes and the ways in which benefits and services are designed and delivered. The effective management of these short-term pressures coincides with the continuing need to address longer-term challenges; a difficult balancing act which has in general been carried out deftly by many social security institutions.

The trends detailed in this report confirm the relevance of the ISSA's strategic vision of Dynamic Social Security. This is illustrated by the ability of social security systems to respond quickly, effectively and innovatively to shocks and rapid changes in the environments in which they work, to achieve considerable progress in extending coverage and to strengthen their investment in health, employment and empowerment through

proactive and preventive approaches. In addition, the examples also show that social security administrations have played a crucial role in enabling these responses through adapting to new situations, such as the increasing number of natural disasters and changes in the nature of health risks, which require different skills and the adoption of innovative technological approaches and management practices.

Recent successful interventions have confirmed the role of social security systems as a shock absorber in times of crisis. Chapter 2 of this report covers in more detail the continued impact of the crisis on social security programmes, the different measures taken and the challenges ahead. Though this shorter-term role of social security has been to the fore in many countries, important long-term structural issues – such as demographic change – remain and the emerging challenge will be to ensure that social security systems retain the capabilities to address shorter- and longer-term challenges alike.

One of the global impacts left by the crisis is a more precarious job market with increasing unemployment (particularly among the youth and higher rates of long-term unemployed), greater underemployment, an informal sector that remains significant, more precarious job tenure and increased internal and international migration as workers and families move to find jobs. In such a difficult context the observed progress in extending coverage has been impressive. Chapter 3 draws attention to a number of international and national developments that

have provided a new dynamic for extending, at least, basic levels of coverage to greater numbers of people.

This chapter reflects a reality that in many countries significant increases in coverage will only be possible through concerted and tailored approaches targeted at hard-to-cover and vulnerable groups. As part of the ISSA's coverage extension strategy, emphasis has been placed on specific measures to cover such groups; selected examples of measures taken and why these have been successful are featured. This chapter draws attention to the importance of more comprehensive coverage extension too; in addition to providing populations with access to basic coverage, no less important is the adequacy of the benefits and services delivered. Although there are financing challenges, innovative approaches exist to ensure that all aspects comprising the adequacy of benefits and services can be maintained and improved.

There is growing awareness that social security benefits and services are more than just reactive responses to risk events: social security benefits and services equally encapsulate proactive and preventive roles too. Proactive and preventive approaches have increasingly been incorporated across all social security branches and regions to respond to shocks and crises, and to address longer-term challenges. Social security systems have thereby not only continued to broaden their benefits and services for individuals, but strengthened their positive role for sustainable social inclusion and more equitable economic growth. Chapter 4 underlines this trend and describes how all of these essential roles are being pursued in a more balanced and effective manner in many countries. Of significance, the mandates of some social security organizations have been adapted to permit them to better embrace and deliver proactive and preventive measures.

Although these developments are relatively nascent in a number of countries, a range of examples can be seen from all ISSA regions which show the effectiveness of proactive and preventive measures. Another encouraging sign is the increasing work to quantify the cost–benefit trade-off of such activities, which shows that these approaches are particularly cost effective. This is an important finding in times of limited financial resources for social security systems.

Despite the recognition of the important role that social security programmes have played during the crisis, fiscal and financial constraints – alongside an increased demand for broadened benefits – mean that social security systems are increasingly being asked to do more with less. Chapter 5 therefore covers the issue of high performance in social security administration and highlights the areas of contribution collection, use of ICT and increased coordination among different stakeholders, areas where advances have been seen in all regions. The use of web-based services and e-communication have particularly developed over the last three years; an encouraging sign as these are effective and efficient ways to reach populations which typically are difficult and expensive to cover. The chapter also reflects how such changes require the empowerment of social security staff using innovative techniques to ensure they have the tools required to do the work being asked of them.

The four substantive chapters of this report therefore cover a series of interlinking issues with an underlying theme – social security systems' robustness and capacities to respond to a rapidly changing world that is more and more subject to shocks. The message is positive. Social security systems are increasingly seen as important actors to ensure that societies not only continue to protect vulnerable populations in an effective and efficient way but facilitate higher levels of social and economic inclusion and more sustainable and equitable economic growth.

CHAPTER 2

Robust social security systems: Effective responses to short-term shocks and long-term pressures

On the basis of recent evidence, social security systems have become increasingly robust and adaptable to shocks – whether economic downturns or natural disasters – as well as having continued to adapt to longer-term structural changes. This chapter highlights the positive roles that social security administrations have played in responding to the challenges raised.

The crisis: Global phenomenon, local variations

If there has been one word that perhaps best summarizes the economic, social and financial environment in which social security has been operating over the last three years, it is “crisis”. Already a theme touched upon in the last global *Developments and Trends* report (ISSA, 2010), the crisis has developed into something more long standing and permanent than that which was perceived initially. The ongoing spectre of recession in a number of countries in Europe and a slowdown in economic performance in most other parts of the world – with corresponding adverse impacts on employment and government finances – has necessitated a change in social security policy and administrative responses to this global crisis.

Therefore compared to three years ago, there has been a shift in the assumption underlying policy responses, i.e. moving from a return to a normal trajectory of growth relatively quickly after a short shock to the need to respond to a prolonged downturn and its impacts on social security systems. The International Labour Organization estimates that the global economy

has to create 50 million jobs to return to pre-crisis employment levels and foresees unemployment increasing in both 2013 and 2014 (ILO, 2012). It is therefore likely that a decade will be needed to return to the same global job numbers that existed before the crisis in 2007.

The impacts of the crisis have therefore been difficult to predict and have increased uncertainty for social security administrations with volatility in economic performance, unemployment rates, contribution revenues and reserve fund asset performance.

Impact of the crisis on social security

The crisis referred to in this report and its effects include a significant economic slowdown or negative economic growth, increases in unemployment, deficits and aggravation of public debt and a stagnation or fall in real wages. There have also been indirect impacts such as lower interest rates, degradation in the health of vulnerable populations, more precarious jobs for those who have managed to keep them, increasing inequality and a greater scrutiny of what social security systems do.

Significant regional variations can be observed – real GDP growing by only 0.5 per cent per annum on average in the period 2009–2012 in advanced economies, but by some 5.4 per cent over the same period in emerging market and developing economies (IMF, 2013). Social security systems have no doubt been most affected in a

2.1. Seven main impacts on social security of the crisis

- Increased benefit outflows resulting from increases in claims for unemployment, disability and early retirement benefits.
- Reduced contribution income resulting from the stagnation of real wages¹ and increased unemployment.
- Change in the nature of beneficiaries (e.g. increasing mental health disability cases).
- Impact on reserve funds with significant volatility in asset values and a reduction in interest rates impacting on investment income.
- Change in employment patterns with an increase in the number of vulnerable contracts and a move to more temporary and part-time work.
- Reduction in second pillar and other sources of income as a result of cutbacks in employer provision and a low interest rate environment.
- Pressure on social security financing reflecting fiscal constraints and increased scrutiny on the management and operation of social security programmes.

number of European countries where significant changes in the economic and labour market environment in the space of a few months and extensive fiscal consolidation resulted in considerably less resources being allocated to social security. It is here where social security systems have had to adjust most rapidly.

Nevertheless, social security has been adversely impacted by the crisis even in economies that have continued to grow, owing to increasing inequality and adverse effects in labour markets. In addition, economic policy in many emerging economies is resolutely orientated towards export-led growth – in both natural resources and manufactured goods – to mature economies and therefore demand for these goods has been impacted negatively by the crisis. The negative impacts on social security of the crisis can be seen in seven key areas (Box 2.1.).

The impact on social security finances and reserve funds

The crisis has created an imbalance between the resources available to social security, which have fallen, and their obligations, which have generally increased. This has led to immediate financing pressures and the need for quick and effective responses to ensure adequate resources are available. This constraint has also led to a greater need for more effective contribution collection and more efficient management, but also mounting scrutiny of reserve funds – often significant in value – and how these are managed.

With a period of stagnation in real wages and a fall in formal employment activity, pressure on financing sources for many systems has intensified. Although there have been increases in contribution rates in some countries, different approaches to financing benefits have also been observed. These include a change in contribution salary definitions, changes in the proportion of contributions paid to different elements of a multi-pillar system, and an increase in government transfers to compensate for a reduction in employer and employee contributions or to reduce the cost of labour. Also observed are a range of administrative measures, for example, to increase contribution collection rates, improve administrative efficiency and optimize the management of reserve funds.

Although the objectives of reserve funds may differ, these are important tools to manage cash flow, provide benefits and to provide a buffer against future demographic changes (Box 2.2.).

Increasing benefit outflows and a reduction in contribution inflows have not only had an impact on fund size, but on investment strategy and the effective duration of liability payments. The time horizon for investment is being effectively shortened for many reserve funds without always a due consideration of the implications for future financing requirements or investment strategy including risk analysis. Reserve fund assets in emerging economies, which have traditionally invested a significant proportion of assets in developing economies, have also been exposed indirectly to the effects of the crisis.

1. In the United States, median real household income is still 4 per cent below its 2000 peak level.

2.2. Reserve fund performance

The last three years have seen an increasing volatility in asset prices and investment income with direct implications for social security financing. In addition, monetary policy adopted in many countries has resulted in a reduction in interest rates putting further pressure on reserve funds, particularly those that back provident fund systems. The ISSA reserve fund monitor, in a survey of 22 institutions representing 20 countries, noted that although the average real return over the period 2009–2011 was 4.6 per cent, this masked a large variation over the three years (7.0 per cent in 2009, 6.5 per cent in 2010 and 0.4 per cent in 2011). For the majority of funds, net cash flow had reduced over the three-year period, meaning increasing constraints and changes in investment strategy and asset allocation. Despite these challenges and a difficult environment, the fact that real returns have on average remained positive highlights increasing efforts to improve governance and the management of risk in many countries.

Innovative responses: How social security has addressed the social and economic challenges of the crisis

Looking back to the last global Developments and Trends report and the ISSA Crisis Monitor in 2010, in many countries government spending was increased and short-term assistance for certain sectors put in place on the assumption that such interventions would lead to a rapid return to economic growth. Although there were short-term positive impacts, public debts and deficits often no longer allow such an approach and, indeed, the fiscal position of many countries now requires that social security has to do more with less.

This is particularly true in responding to the impacts of the crisis on employment. The number of unemployed worldwide is projected to rise by 5.1 million in 2013, to more than 202 million, and by another 3 million in 2014. A quarter of the increase of 4 million in global unemployment in 2012 was in the advanced economies, while three-quarters was in other regions, with marked effects in East Asia, South Asia and sub-Saharan Africa (ILO, 2013a). One of the more worrying aspects of the impact of the crisis is the increasingly heavy price paid by the young population in terms of job prospects and unemployment. Even in countries where economic growth has been strong, employment has become more precarious and the young often fare the worst. The global youth unemployment rate, estimated at 12.6 per cent in 2013, is close to its crisis peak. In 2013, 73 million young people are estimated to be unemployed (ILO, 2013b). But these figures arguably underestimate the impact as underemployment is increasingly a challenge.

Therefore, efforts in collaboration with other stakeholders to address youth unemployment have been a key feature of social security interventions in the last three years. In responding to this challenge, social security shows its importance in strengthening social cohesion and reducing intergenerational conflict.

The 2010 global Developments and Trends report highlighted some of the positive measures being taken by social security to address the financial and economic situation at the time. Revisiting these examples confirms that many of the approaches are still valid, but require continuous adaptation to the social, economic and demographic reality.

The significant “shock absorber” role of social security in response to the crisis is increasingly recognized by the public and politicians. Although this is positive, the corollary is greater scrutiny of what social security does, with arguably greater focus than ever placed on ensuring efficient and effective social security administration. Seven main social security administrative and management responses to the crisis can be identified (Box 2.3.).

Chapter 5 of this report reflects further on a number of initiatives in this area and highlights the increasingly lean management and innovative practices many organizations are putting in place to ensure effective and efficient operation through these difficult times.

Short-term pressures have accelerated adjustments to longer-term challenges

While there has been much focus on short-term measures, these need to be consistent with the longer-term aims of, and external pressures facing, social security.

2.3. Seven main social security administrative and management responses to the crisis

- Flexible and lean management and increasing demands on social security personnel.
- Increased coordination with other stakeholders (e.g. employers) in developing responses to disability and unemployment that are consistent with employment objectives.
- Tailored approaches to respond to a greater variety of situations – for example, greater inequalities in health and income situations and an increasing number of mental health disability cases.
- A greater focus on proactive and preventive measures to anticipate future trends and the putting in place of appropriate responses to reduce extreme outcomes and to mitigate risk.
- More efficient and effective management in view of increasing pressure to “do more with less” including as regards the management of social security reserve funds and the collection of contributions.
- Increasing use of media to tailor communication responses but also to ensure that the appropriate communication medium is used to target different groups and that a “culture” of social security is propagated.
- Efforts to cover hard-to-cover groups through a range of tailored measures focusing on improving access, simplifying procedures, the intelligent use of ICT and greater coordination between different agencies.

At the same time, the case for reform to ensure the long-term sustainability of systems is perhaps easier to make during these difficult times, allowing a number of changes, such as recent increases in legal retirement ages, to be made as the population becomes aware of the constraints facing systems.

The requirement of reserve funds to address cash flow challenges highlights another implication of the crisis – that the relative focus of social security since 2008 has been directed more to short-term requirements. This reality should not mask that many social security systems face longer-term demographic changes (Box 2.4.). These developments – most notably increases in life expectancy, reductions in fertility rates and changes in the nature of health and disability – will weigh heavily on retirement, health and disability systems in the coming years. These demographic changes are not only a global phenomenon but are often occurring more rapidly in emerging economies and in countries where social security

coverage is far from comprehensive and traditional family and community support – informal social security – is being weakened by increasing migration and family and cultural changes.

Reform measures to address these long-term challenges have accelerated during the crisis, not least due to a political window of opportunity opened by the pressures created by the crisis. Although there has been a focus on increases in retirement ages (Box 2.5.), other policy measures taken include changes in eligibility requirements, the reform of early retirement, changes in financing and greater flexibility in retirement, including the possibility to take part of a pension and to continue working. Social security institutions are increasingly working with other stakeholders to ensure that such policies are introduced in a coherent and coordinated manner. Such measures include working with employers to support the labour market activity of older workers.

2.4. Rapid demographic changes impacting on social security

Region	Old age dependency ratio ² (2010/2050)	Median age (2010/2050)	Fertility rate (1970/2010)	Life expectancy at birth (2010/2050)
Africa	6/10	19.7/26.4	6.7/4.4	58.7/70.3
Asia	10/28	29.2/41.0	5.0/2.2	72.4/78.9
Europe	24/47	40.1/45.7	2.2/1.6	80.2/84.7
Latin America/Caribbean	11/30	27.6/41.0	5.0/2.2	77.8/82.7
North America	20/36	37.2/40.4	2.1/2.1	81.5/85.8

Source: ESA (2012).

2. The old-age dependency ratio is the ratio of the population aged 65 or older to the population aged 15–64.

2.5. Average retirement age and life expectancy

ISSA region	Average retirement age (men/women)	Average life expectancy at the average retirement age in the region
Africa	59.2/58.3	17.3
Americas	62.2/60.8	19.4
Asia and the Pacific	58.8/57.5	20.7
Europe	64.1/61.9	16.6

Sources: SSA and ISSA (various years); ESA (2012).

A number of administrative reforms have also been made to support these changes. Examples include active support measures for older workers, more tailored information on retirement options provided to beneficiaries and facilitating the payment of voluntary contributions. Looking forward, the ageing of the population will continue to present challenges for social security, but the measures already taken highlight innovative approaches and positive results, for example an increase in employment rates for those aged 60–65 in Europe.

The role of social security in responding to natural disasters

Social security systems have also increasingly been confronted with another type of short-term shock, heightening its role in responding to a rising number of extreme events. Events linked to climate change – e.g. flooding and sustained periods of drought – add to other natural disasters observed since 2010 including earthquakes in New Zealand and China and the devastating earthquake and tsunami in Japan, where over 200 different measures were introduced by the social security system to respond to the situation. Some of the measures responded to short-term needs, including deploying increased numbers of medical staff to the regions affected, providing medical supplies to those having lost health insurance cards, making special unemployment insurance payments to affected people and reviewing and strengthening occupational safety measures. In all cases, social security administrations are playing an increasingly important role which has made a significant positive impact on populations and social cohesion.

Following floods in early 2012 in many Australian states, the Australian Government Disaster Recovery

Payment administered by the Department of Human Services provided lump-sum payments to eligible adults and children who were affected. In the Philippines, the Social Security System responds to the increasing number of typhoons through the grant of calamity or emergency loans at concessional rates, a moratorium on loan amortization payments, the advanced granting of pensions, and donations to certain employer groups to contribute towards business continuation efforts. As the number of extreme events is likely to continue, this important role for social security may become more commonplace.

Conclusions

Not least due to their performance during the past years, robust, proactive and more responsive social security systems are recognized as essential stabilizing factors for people, societies and the economy during periods of crisis and therefore as a key measure to address uncertainty. Ensuring robust social security systems requires anticipating, preparing and responding to short-term and longer-term changes in the operational environment. This has been done by improving administrative and management approaches and introducing changes to policy that ensure social security systems are sustainable.

The results of the interventions made by social security administrations in response to short-term constraints have been generally positive, although there are, of course, examples where interventions have not fully achieved their objectives. Remaining challenges in the short and long term involve the requirement to better coordinate actions between different stakeholders and government agencies and the need for more efficient management techniques, improved staff training and the better use of ICT possibilities, not least to tailor

responses to the needs of different population groups. Also needed are appropriate balancing measures which permit coherent responses to short-term challenges, such as fiscal constraints, and longer-term changes, such

as demographic trends. To conclude, a number of examples of the positive manner in which social security systems have addressed some of the direct and indirect impacts of the crisis can be presented (Box 2.6).

2.6. Making social security robust: Responses to short-term and long-term pressures

- Through support to continuing labour market activity, higher levels of unemployment and poverty have been prevented and the trend towards higher levels of inequality mitigated.
- Greater demands for more efficient and effective social security programmes and for well-governed social security administrations and reserve funds have been met.
- Changes have been enacted to benefit programmes, administrative practices and delivery mechanisms to ensure the adequate provision of benefits and services.
- Innovative approaches to address new challenges and more immediate risks, including the impacts of natural disasters, have been introduced.
- Responses to the challenges of the impact of longer-term trends, such as demographic changes, have been implemented through holistic reforms and working with other stakeholders (e.g. changes in retirement age together with active workplace measures and preventive and proactive instruments).

CHAPTER 3

Progress in coverage extension: International momentum and national innovation

Based on the positive combination of a new international consensus and strategy, strengthened national political commitment and key administrative innovations, a heightened momentum driving progress in coverage extension can be observed. This chapter discusses recent global developments and trends in social security coverage extension and reports on the positive evidence of progress made and the evolving challenges faced in the different ISSA regions.

International consensus on the right to universal coverage

A large part of the world's population is not covered by adequate social security protection (Bachelet, 2011, p. xxi). Given this fact, a major international development in the pursuit of sustainable coverage extension has been the adoption by the 101st International Labour Conference of the Recommendation concerning national floors of social protection, No. 202 (2012).³ At a global level, the adoption of the Recommendation recognizes that the human right to social security is an investment that helps overcome extreme poverty, reduces social inequalities, promotes equal opportunities and empowers people. It builds upon the observation – as many national policy responses have shown since the crisis unfolded in 2008 – that social security systems act as automatic social and economic stabilizers, not least to mitigate the risk of economic insecurity and to support formal employment. What is more, the more comprehensive a social security system the better these objectives can be fulfilled. On these grounds, and importantly for the focus of this

chapter, there is now a greater political commitment to and stronger international consensus surrounding the goal of realizing universal coverage.

The Recommendation offers detailed guidance, a check list, to establish and maintain social protection floors (horizontal extension); comprising, at least, of basic guarantees of income security for older people, children and persons in active age, and access to essential health care, including maternity care, as part of national strategies to ensure higher levels of social security. The International Labour Office calculates that with an investment of between 2 to about 6 per cent of national GDP even low-income countries could probably afford basic universal income security (Cichon, 2013).

Reflecting the global political commitment to the Millennium Development Goal to eradicate extreme poverty, the adoption of the Recommendation builds upon a major social security trend of recent years: namely, to give greater priority to preventing or alleviating poverty, to extend social protection to those persons who lack it and who are often the most vulnerable and hard to reach, including self-employed workers, those engaged in rural and informal economies, and migrants and their families.

No less essential, however, is the vertical dimension of coverage extension, improving access to additional social security branches and more adequate benefits. Jordan's implementation of unemployment insurance in 2011 is but one recent example. Other examples of vertical

3. For an overview of the content of the Social Protection Floors Recommendation, 2012, see Hagemeyer and McKinnon (2013).

extension can be found in the increasing comprehensiveness of social security coverage provided in Mauritius where a Transition Unemployment Benefit was introduced for laid-off workers in the private sector and the establishment of a National Health Insurance Scheme in South Africa. This dimension speaks directly to the mandate of many ISSA member organizations. It is equally important to the ISSA's strategy for the extension of social security coverage,⁴ and to the key ISSA objectives to promote excellence in social security administration and to develop a multidimensional conceptualization of the adequacy of benefits and services. The Social Protection Floors Recommendation, 2012, presents a road map based on current international good practice to guide the future extension of social security coverage. Its guidance reflects the evidence of recent successful policy initiatives that have been implemented in many countries over the years.

Key objectives for coverage extension

Universal health care

China may have greater resources than many countries, and these have been combined intelligently and strategically with political will, new benefit programmes, and administrative know-how to make significant and wide-ranging progress concerning that country's levels of social security coverage. China, however, is not alone in its commitment to realize universal coverage. In recent years, Brazil, Rwanda and Thailand have achieved universal or near-universal health coverage, and dozens of middle- and low-income countries are enhancing their efforts to secure universal health coverage for all.

Universal health care coverage, supported by the 2012 United Nations General Assembly Resolution on universal health coverage, is a growing international political priority. Such extension necessarily includes the improved sustainability, quality and adequacy of health care provisions.

In Asia and the Pacific, a number of countries are giving priority to universal provision. In Viet Nam, the 2008 Law on Health Insurance introduced in 2009 aims to achieve universal health insurance as early as 2014. Indonesia is eyeing universal health care by 2019. In China, the New Rural Medical Scheme, which was developed from a 2003 pilot and rolled out nationally since

2007, covered 98.3 per cent of rural residents by 2012. In a smaller national setting, the Republic of Maldives also has plans to implement universal health insurance. In the last five years in Africa new mandatory health care programmes have been introduced in a number of countries. Albeit different in their design and financing, some of these programmes may yet mirror Rwanda's success in rapidly extending coverage (ISSA, 2011).

The emerging trend in the Americas is toward greater integration in the health sector, both in terms of financing and service delivery. Health systems in the region have historically been characterized by a high degree of fragmentation and segmentation. Integration is thought to reduce inequality in access, prevent the duplication of services and entitlements and improve financial sustainability. In financing, there is some movement toward greater integration, though there is still a great deal of variation. Countries such as Brazil, Costa Rica and Cuba have traditionally exhibited a high degree of integration, but there has been movement toward greater integration of health financing and services in many countries in the region.

Reaching out to the poor and vulnerable

Poverty is understood to be a multidimensional concept, including social elements such as access to housing, education and health care, political and cultural elements linked to inclusion and empowerment, as well as the economic element of income poverty. When discussing the role of social security in poverty alleviation in the context of Europe the tendency is to do so in a relative sense. In the recent period, many of Europe's welfare state systems have continued to play an enhanced "shock absorber" role not only by mitigating poverty but by preventing higher levels of unemployment, promoting job activation, and mitigating income losses. In some countries these objectives have become increasingly more difficult to achieve. As a result, growing levels of income inequality are occurring in a context of constrained public spending – and, in some European countries such as Greece, austerity – where the value of some cash benefits has not kept pace with the cost of living. Going forward, with international economic uncertainty continuing and with demographic ageing leading to worsening system dependency ratios, the issue of the relative adequacy and the affordability of benefits in Europe is likely to move up the policy agenda.

4. See <<http://www.issa.int/Resources/ISSA-Publications/ISSA-strategy-for-the-extension-of-social-security-coverage>>.

For ISSA member organizations in Europe, enhancing the sustainability of comprehensive social security coverage has become an important objective (ISSA, 2013a).

Beyond Europe, a continuing trend in social security worldwide is the alleviation of extreme poverty and offering support to vulnerable groups, including workers and their families in rural and informal economies, some categories of self-employed workers, and migrants.

A common response to meet the social security needs of poor and vulnerable groups is the use of cash transfer programmes, delivered on either a non-conditional or conditional basis. In 2010, for instance, Senegal launched a new National Initiative for the Social Protection of Vulnerable Groups (*l'Initiative nationale pour la protection sociale des groupes vulnérables*). Many programmes of this nature in sub-Saharan Africa remain short-term pilot projects, with their financing sourced in the main through donor support. For example, with donor support Uganda launched a five-year cash transfer pilot, Social Assistance Grants for Empowerment (SAGE), in 2011. Some schemes, although launched initially as a pilot, have become more embedded and longer-term.

The region of the Americas is recognized as a world leader in the development and extension of conditional cash transfer programmes, with the family unit normally the target of such transfers. Close to 20 countries in the region provide benefits targeted at poverty alleviation wherein recipients' access to entitlements is linked to meeting predetermined conditions. Contrary to some initial expectations, in many countries of the Americas such transfers have become de facto permanent features of the national social security system. Importantly, the goals of these programmes go further than poverty alleviation and seek also to proactively support social and economic inclusion. In this regard, the region's programmes have achieved varying results in terms of supporting income generation, enabling people to return to the labour market, reducing levels of child labour and empowering women. To date, the programmes of larger countries with greater resources, such as the *Bolsa Família* in Brazil and the *Oportunidades* in Mexico, have tended to be more successful than those of smaller or less developed economies (ISSA, 2012a).

Cash transfer programmes are also found in the region of Asia and the Pacific. The Benazir Income Support Programme in Pakistan targets families defined as the "poorest of the poor". In the Philippines, the *Pantawid Pamilyang Pilipino Program* (4P), which is targeted at the poorest families, has been boosted by the more than doubling of its budget in 2011. Beyond reducing income poverty, the programme is recognized more broadly with helping to increase levels of school enrolment, child immunization and prenatal medical care.

A further important strategy, often directed at specific occupational groups such as self-employed or migrant workers, consists of the extension of existing or the creation of new and tailored contributory programmes. These programmes may aim at poverty alleviation and/or at providing access to more adequate protection. In Asia and the Pacific, the goal of poverty alleviation is being pursued using contributory programmes, specifically by relaxing the eligibility criteria necessary to access contributory benefits. This offers agencies responsible for delivering contributory social security programmes with an important and widening role in the reduction of social insecurity. Such changes, which allow the adapted and flexible payment of contributions for certain types of workers, have enabled China, for example, to extend coverage from 178 million workers in 2005 to 309 million workers in May 2013. With 95 per cent of the Chinese population having access to some coverage, including for health care, the goal is to realize universal coverage by 2020.

Another vulnerable group, increasingly singled out for special attention, is that of self-employed workers. Self-employed workers constitute a large and often growing segment of the labour force (ILO, 2010). In many cases, self-employed workers are engaged in the informal economy. Adapting contributory social security programmes to the specific needs of, and the practical challenges faced by, these workers therefore presents specific challenges to social security administrations (ISSA, 2012b). Efforts to extend coverage to this group have the potential to significantly reduce levels of social insecurity for an important part of the population and strengthen the financial sustainability of social security programmes. Successful efforts to effectively affiliate these

workers offers the potential for a lasting shift away from informal and non-regulated patterns of work and to reduce many work- and nonwork-related risks.

Promising steps have also been taken to increase protection for migrant workers and their families through bilateral and multilateral agreements. Morocco and Spain have signed an agreement that grants Moroccan citizens working in Spain the right to be covered by the Spanish system. Other coordination efforts have been made in the East African Community, Southern African Development Community and the Economic Community of Central African States. Elsewhere, Malaysia introduced mandatory health insurance for foreign workers in 2011. Under the new 2010 Chinese Social Insurance Law, implemented in 2011, foreign workers can now access retirement, medical, work injury, unemployment and maternity benefits, similar to those of Chinese citizens. Further recent efforts to enhance social protection for migrant workers include the completion of a European Union-funded project on improving information for an estimate of between 400,000 and 850,000 cross-border commuters in Europe, and a 2012 Framework Guidance Document on Social Security for migrant workers in Eurasia, which was formulated jointly by the ISSA and the International Association of Pension and Social Funds.

Overcoming financial constraints to coverage extension and adequacy requires political commitment

Growing attention is being given to the financial challenges faced by many social security systems. Across the ISSA regions, however, indicators suggest that the nature and scale of financial challenges vary. For the first time,

health spending fell across the European Union in 2010, driven in part by governments implementing austerity measures to save money. From a global perspective, however, in many countries there is a trend towards greater spending on health care benefits and services.

Where financial challenges exist, various factors – such as high unemployment, stagnating wage incomes, stubborn and high levels of informal employment, volatility in the investment returns of social security funds, depleted social security fund reserves, and increasing demographic ageing – can all negatively impact social security financing, and contributory programmes especially.

The current trend to extend coverage to vulnerable population groups using tax-financed programmes increases the costs for public budgets, demanding trade-offs among different priorities for limited resources. The challenge of finding “fiscal space”, now and in the future, is first of all political. Critically, long-term commitments to sustainable and predictable coverage, especially for horizontal extension, demand that domestic resource mobilization is sufficient and protected from short-term political interference (Harris, 2013; Hujo and McClanahan, 2009).

As shown especially in the Americas (ISSA, 2012a), achieving complementarity between tax revenues and contribution revenues can support the achievement of the broader objectives of social security programmes by ensuring sustained financial support to both contributory and tax-financed programmes. As recent evidence reveals, and as the BRICS countries show well (Box 3.1.), political commitments backed by appropriate resources and strong fiscal management can make coverage extension possible, even in periods of global economic uncertainty.

3.1. The BRICS countries: Brazil, Russian Federation, India, China and South Africa

As new drivers of global economic growth and major geopolitical players, the BRICS countries are also well-known for their substantial commitments to social protection and the remarkable extension of social security coverage (ISSA, 2013b). Important examples include the National Rural Employment Guarantee Scheme and the *Rashtriya Swasthya Bima Yojana* health insurance scheme for the informal sector in India; a rights-based approach to social security in South Africa, where the Government launched in 2012 an ambitious universal health insurance programme; and Brazil’s *Bolsa Família* conditional cash transfer programme. China has made important breakthroughs towards the achievement of universal pension and health care coverage. The Russian Federation is tackling the challenges of improving the adequacy and sustainability of social security schemes, supporting coverage and enhancing social protection for migrants and informal-sector workers.

In a generalizing context of financial constraints, political commitments are equally necessary to ensure the continuing financial adequacy of existing benefits. In spite of a greater appreciation of the fact that adequacy in social security involves the ongoing assessment of quantitative aspects of benefits – usually expressed by the replacement ratio – as well as of qualitative aspects about service quality, there is still a tendency to continue to give greater priority to the former. Current work by the ISSA seeks to draw attention to, and underline the importance for all population groups of, a multidimensional conceptualization of the adequacy of social security benefits and services. This conceptualization not only includes the level of benefit, but highlights factors such as the sustainability of benefit adequacy, security of adequacy, coverage levels, accessibility and the extent to which the benefit supports labour market objectives (Brimblecombe, 2013).

A number of positive examples of policy and administrative measures to improve adequacy have been observed over the last three years. While some national measures have improved the level of cash benefits (e.g. increases in retirement pensions in the Russian Federation), there are also a number of examples of improved adequacy when defined on a wider multivariable basis.

To improve the adequacy of access to service, the Pension Fund of Morocco (*Caisse marocaine des retraites* – CMR)

now uses electronic cash cards for retirement benefits. In Malaysia, the Employees Provident Fund has set up “Basic Savings”, a benchmark which allows members to gauge the adequacy of retirement savings at each year of their life from age 18 to 55, thereby facilitating better retirement planning and increased member empowerment. In many countries in Europe, a later retirement age may support efforts to improve benefit adequacy by allowing a longer period of accrual of benefits. In Rwanda, online access for members to their social security accounts by Internet and cell phone improves the speed and accuracy of information.

Conclusions: Significant progress through combined political will and administrative capacities and innovation

As the Social Protection Floors Recommendation, 2012, acknowledges, national social security extension efforts must be tailored to national circumstances, which must take into account developments in the labour market. Globally, when assessing the coverage extension measures of the recent period, political commitment stands out as a key factor. However, administrative capacities to implement programmes are not only a crucial condition for success but increasingly make political initiatives feasible in the first place. A number of common success factors linked tightly to the core roles of ISSA member organizations, social security administrations, can therefore be identified (Box 3.2.)

3.2. Success factors in coverage extension

- Social security administrative procedures and processes have been adapted to the contributory capacities and risk profiles of different sectors of the population (e.g. self-employed workers, migrants). Measures used include simplifying adhesion, changing benefit structures, and facilitating contribution and benefit payments.
- Progress in extending coverage to rural populations in particular has been achieved using a combined approach consisting of an appropriate benefit and financing structure (simple benefits and contribution rates) with improving access (e.g. the use of mobile offices, extending e-services or working with other stakeholders).
- Fragmentation of delivery and benefit provision is being addressed by better coordination and the wider and more effective use of ICT (e.g. the introduction of social security identity cards). This has led to a reduction in the duplication of benefits and improved service delivery. It has also allowed some administrations to better respond to the challenges of increased migration. Improved service delivery, doing more with less, is contributing to enhancing the sustainability and adequacy of coverage.
- The communication of information on social security benefits has improved through a series of initiatives such as the appropriate use of ICT and working with groups representing certain workers. This has reinforced other measures to extend coverage to new groups.

CHAPTER 4

Proactive and preventive approaches: Mainstreaming across all social security branches and regions

The potential of proactive and preventive social security approaches to support health and employment as well as to empower people has increasingly been demonstrated. Reflecting a broadening role of social security – not only in terms of the types of services provided, but in terms of its objectives to strengthen its contribution to social, labour market and economic development – this chapter reports on the progressing trend towards the mainstreaming of proactive and preventive approaches within benefits and services delivered across all branches of social security and all regions.

An increasingly global and cross-cutting trend

This widening global trend, which was discussed initially as an emerging trend at the first World Social Security Forum in Moscow (ISSA, 2007), is rooted in the recognition that social security benefits and services are more than just reactive responses to risk events: social security benefits and services equally encapsulate proactive and preventive roles too (Sinfield, 2012). The recent period has witnessed all of these essential roles now being pursued in a more balanced and effective manner and, in some cases, the mandates of social security organizations have been adapted to permit them to better embrace and deliver proactive and preventive approaches.

Lying behind this trend are both short-term and long-term drivers. In many countries a longer-term factor is the challenge of demographic ageing that is impacting, among other things, health and pension system expenditures, epidemiological patterns and, for contributory

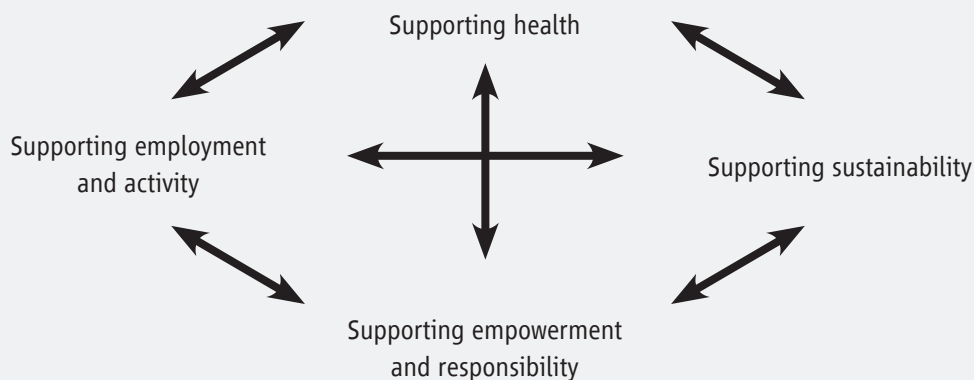
social security programmes, system dependency ratios. The structural nature of national labour markets is another longer-term factor, with countries often faced with high levels of informal employment, underemployment and/or unemployment. A no less important, but more recent, driver has been the immediate and, in many countries, continuing negative impacts of the “crisis” on public finances and formal employment.

There is general agreement that if social security programmes intervene earlier – rather than later – such interventions can make more of a positive difference by mitigating the scale and duration of downside risks, can help prevent certain risks and can proactively help address inequalities and improve levels of social and economic inclusion. In particular, such interventions are favoured because they reduce health risks and employment-related risks. Increasingly, they are also favoured because they support rehabilitation and job retention, productive activity and the return-to-work process.

The growing evidence of the measurable benefits of such interventions in relation to work injury prevention, return-to-work programmes, healthy workplaces and, indeed, supporting healthier lifestyles supports the mainstream application of social security systems’ proactive and preventive roles alongside their protective roles.

A further important dimension relates to how preventive and proactive approaches are used by social security organizations as a guiding philosophy for managing

4.1. Proactive and preventive approaches: A matrix for improved outcomes



Supporting health: More steps are being taken toward incorporating earlier interventions into health care and to introduce more structured treatment programmes for certain chronic conditions. Efforts to address the challenges posed by workplace health risks and noncommunicable disease are common to all regions. Recent good practice examples include diabetes management programmes in Indonesia, support programmes for the chronically ill in France and efforts to combat obesity, better assess health risks and provide health education in Mexico. Earlier interventions to prevent communicable disease are also on the agenda, not least in Africa to counter the incidence of HIV/AIDS (Fultz and Francis, 2011).

Supporting employment and activity: The longer a person remains away from work, the more likely it will be that he or she will enter into a long-term social security benefit programme. The concern to prevent or shorten absence from work as a result of unemployment, ill-health or other reasons has been most prominent in ageing industrial economies, but is increasingly being addressed in other regions too. Recent good practice examples for innovative actions for earlier and often comprehensive and case-managed interventions by social security administrations include: a comprehensive strategy of prevention and activation implemented in the unemployment insurance scheme in Belgium, which had considerable success in preventing higher unemployment by re-integrating low-skilled and long-term unemployed jobseekers; and a programme for the provision of more and better jobs for young people in Argentina. Innovative return-to-work programmes for persons in receipt of disability pensions have been implemented in several countries. In Malaysia, the disability management approach of the Social Security Organization facilitates the return to employment of workers through comprehensive physical and vocational rehabilitation.

Supporting empowerment and responsibility: Often as an integral part of programmes to support health and employment, efforts are being made to better enable individuals to manage risk, the realization of which also entails a heightening of individual responsibility. Conditional benefit programmes, such as Brazil's Bolsa Família, that make the provision of benefits and services conditional on certain individual behaviours constitute an important dimension here. An important focus of the Brazilian programme and others is to enhance human capital development, in particular for young populations. Other measures also frequently focus on young populations, such as programmes to create equal opportunities and access to professional childcare. To support a change in individual behaviour among beneficiaries and social security staff, improved and targeted communication is essential. Promoting education about social security and fostering a "culture" that embraces the values of solidarity and risk-pooling are common approaches, especially in the Americas.

Supporting sustainability: Risk management is increasingly used as a proactive and preventive management tool by social security organizations in all regions to ensure that all the risks which they face are understood, assessed and either mitigated, accepted or if possible transferred. For instance, the MSD of New Zealand has a Risk and Assurance team that undertakes a range of planned and responsive activities through its Total Assurance Plan, the Employees Provident Fund of Malaysia uses a Corporate Risk Scorecard Approach and the Public Authority for Social Insurance of Oman applies an Enterprise Risk Management Framework.

operational risk, for improving the administration and delivery of benefits and services, and for empowering staff. Here the objectives include a more efficient and effective and, indeed, an innovative use of resources, not least to ensure the financial sustainability of programmes and to meet ever-higher public expectations for tailored and quality benefits and services.

Finally, proactive and preventive approaches focus on supporting empowerment that should enable potential beneficiaries of social security programmes, wherever possible, to minimize their use of social security benefits. This expectation can be differently justified either as a means to reduce expenditure, and thus support the sustainability of social security finances, or a way of supporting the delivery of robust, integrated programmes with the goal of fostering improved outcomes, including greater social and economic inclusion and improved indicators of health (Box 4.1.).

Regional trends in proactive and preventive approaches

While there are commonalities, the scale, scope and nature of the proactive and preventive interventions adopted by social security programmes often vary across regions and countries (Box 4.2.). Key similarities relate to the prevention of primary health care risks, poverty, and workplace risks. Some interventions require a degree

of cross-institutional coordination, including inputs from non-public bodies and employers, and take into account risk factors both in the work and non-work environments. Given that effective proactive and prevention measures can reduce the need for recurrent or expensive health interventions, and thus support health system finances, such measures also support other social security branches – including disability benefits, family benefits and unemployment insurance.

Assessing the impacts of proactive and preventive measures

It is to be expected that proactive and preventive approaches to social security should result in cost savings, lead to improvements in the administration and delivery of benefits and services, empower social security administrators, and heighten public support for the roles played by national social security systems. Similarly, for populations, it is to be expected that such approaches should not just reduce exposure to downside risks but support coverage extension and reduce vulnerability, enable the tailoring of programmes, benefits and services to meet individual needs, and – through better providing information about the objectives of social security systems and as regards personal rights and responsibilities – empower people.

Overall, expenditures on proactive and preventive measures are to be viewed as investments that provide,

4.2. Regional features of recent proactive and preventive measures

Africa	Americas	Asia and the Pacific	Europe
<ul style="list-style-type: none"> – Preventive health care to address communicable and non-communicable diseases – Preventing poverty – Preventing workplace risks – Employer-sponsored workplace health promotion, with community reach out 	<ul style="list-style-type: none"> – Preventive health care, increasingly for noncommunicable diseases – Preventing poverty, commonly among families with children – Preventing workplace risks – Workplace education on risk prevention – Proactive measures to promote school attendance, medical check-ups, youth employment, and to promote understanding on the values of social security 	<ul style="list-style-type: none"> – Preventive health care, increasingly for noncommunicable diseases – Preventing poverty – Preventing workplace risks – Risk management used as a proactive and preventive tool by social security organizations – Rehabilitation and return to work 	<ul style="list-style-type: none"> – Preventive health care, including for mental health problems – Preventing poverty – Preventing workplace risks – Preventing higher levels of unemployment – Promoting workplace health, including for mental health problems – Promoting active ageing and healthy lifestyles – Proactive measure to support (re)activation, rehabilitation, return to work and employability, including for young adults

Sources: ISSA (2011, 2012a, 2012c, 2013a).

increasingly, a measurable positive return. This is most readily seen with regard to responses to the growing international incidence of noncommunicable diseases, such as diabetes (Li et al., 2010), obesity (Lehnert et al., 2012) and hypertension (Lloyd-Sherlock et al., 2012). As regards workplace health risks, ISSA research reveals that enterprises that invest in prevention measures can expect to receive, for every EUR 1.00 invested in workplace prevention activities, a return of EUR 2.20 (ISSA, 2013c). Positively, the “societal return” from investment in prevention is expected to be much higher.

In the Americas, proactive investments to increase levels of knowledge among citizens, affiliates and beneficiaries about social security, and especially as regards their rights and responsibilities, is a factor in the success of a number of programmes that have extended coverage. On this basis, public education programmes to promote a “culture” supportive of the values and roles of social security should be seen as an integral element of national initiatives to extend social security coverage.

Proactive and preventive measures can also have positive impacts in reducing wider forms of vulnerability which lie beyond the traditional remit of social security programmes. Schemes in which benefits are conditioned on children’s school enrolment and attendance or meeting certain health objectives (e.g. through vaccination and check-up requirements) fall into this category. Although more commonly associated with Latin America and with some Asian countries, different kinds of conditional cash transfer programmes also exist in several African countries.

A well-known example is Ghana’s Livelihood Empowerment Against Poverty (LEAP) programme, which

incorporates complementary social services (e.g. free health care through the National Health Insurance scheme, microfinance initiatives, supplementary feeding, agricultural inputs and skills training programmes) to ensure that beneficiaries receive both subsistence support and capacity development assistance. By 2010, the programme covered an estimated 35,000 Ghanaian households. The scheme is using cash incentives not only to encourage behaviours like school enrolment and retention, registration at birth and meeting certain post-natal care and immunization requirements, but to explicitly prevent negative or harmful practices, including child trafficking or child labour.

Conclusions

Proactive and preventive measures are complementary facets of social security programmes protective roles (McKinnon, 2007). All three interconnected dimensions are essential to the effective and efficient design and workings of national social security systems. At the current juncture, the progressive mainstreaming of proactive and preventive measures in an integrated and coherent manner across all regions and branches of social security is expected to make a significant contribution to achieving a number of wider societal goals. These include not only supporting the sustainability of social security systems but also, in a growing number of countries, the objectives of improved health, higher levels of employment and activity, and the fostering of society-wide empowerment and responsibility (Box 4.3.). This trend is often enabled by innovations led by social security administrations that allow more coordinated and targeted responses that take individual risk profiles and conditions into account in a holistic manner. However, it has also created a number of challenges for administrations in terms of financial, human resource and technological requirements.

4.3. Proactive and preventive measures and the pursuit of societal goals

- Preventing and mitigating life-cycle and labour market risks.
- Improving individual capabilities.
- Enhancing social and economic inclusion.
- Reducing inequalities.
- Encouraging healthy lifestyles and fostering well-being.
- Enabling the innovative transformation of social security systems in support of activity and employment.
- Ensuring the sustainability of social security programmes.

CHAPTER 5

High performance in administration: Doing more with less and doing it well

In a context of financial constraint and increased expectations as to the roles of social security systems, the pursuit of good governance and high performance is a first-order priority for social security organizations bringing wider positive outcomes. Significantly, social security administrations are adopting a more proactive stance towards the achievement of such administrative improvement, not only by implementing reform but by also purposefully leading administrative reform initiatives which, in turn, create new policy space for further innovation.

Recent global developments and trends show that a two-pronged approach using improved management methods and the implementation of appropriate systems based on information and communication technologies (ICT) is enabling social security organizations to pursue high performance and, by so doing, rise to meet heightened public expectations for quality in programme management and administration. Continuing efforts in this regard, many of which are recognized by the regional ISSA Good Practice Awards, can be observed in various areas of programme administration. Among other activities, these efforts support measures to extend coverage, collect contributions, provide adequate benefits, and tailor responses to the various service needs of clients. By incorporating the development, monitoring and assessment of performance indicators for programme delivery, this approach also contributes significantly to the more efficient and effective realization of broader operational and policy objectives, and the more productive use of available – and often limited – resources.

Enabling the integration and coordination of social programmes and services

Social security programmes and services evolve, and a driver of such evolution is the constant need for improvements in outcomes. One manifestation of this is the trend towards the better coordination and, in some cases, the integration of programmes and services. In this regard, the expectation is that a coordinated national social and labour market policy strategy, for example, formulated on the basis of certain assumptions about the inherent benefits of scale management in service provision (Seddon and O'Donovan, 2013), will not only heighten programmes' positive impacts but do so while improving their administrative effectiveness and efficiency (Box 5.1.).

One followed approach consists of connecting institutions and stakeholders through ICT-based systems. This has facilitated efforts to build new, integrated social programmes and services which call upon the respective capacities of different organizations. This approach has been applied in different social security areas, especially in those where the same set of clients and stakeholders are served. For example, current developments in the implementation of effective compliance and contribution collection systems involve the coordinated actions of multiple actors, including social security agencies, employers, dedicated contribution collection bodies such as tax agencies, and entities providing payment services such as banks.

5.1. Integration to achieve economies of scale

Institutional restructuring and inter-agency coordination and integration see economies of scale as a pathway to higher performance. Recent national examples include:

- Australia. The Human Services Legislation Amendment Act 2011 integrated Centrelink and Medicare Australia into the Department of Human Services. The sharing of services and infrastructure has given access to multiple services from over 50 co-located offices around Australia. A new generation of ICT systems is under implementation.
- Brazil. To improve synergy and coordination, movement has occurred in the integration of tax-financed programmes. The aim is to improve the protection of the poorest and most vulnerable in society, especially in the areas of social assistance, health, food and conditional cash transfers.
- Denmark. A new higher-level entity, Payment Denmark (*Udbetaling Danmark*) was created in 2012 to carry out the payment of certain social security benefits, previously delivered at the local level of municipalities. The goal is improve the coordination of the payment of social benefits and to simplify access to information and administrative procedures for beneficiaries.
- Norway. The new integrated Labour and Welfare Administration (NAV) is the result of the merging of labour market services and the social insurance institution. As part of this process, new corporate ICT systems have been implemented focusing on internal process integration and enhanced effectiveness and efficiency.

Achieving improvements in performance in social security contribution collection is crucial. Financial resources sourced in large part from contributions enable contributory social security organizations to extend coverage, provide financially adequate and predictable benefits, ensure appropriately resourced administrations, and support programme sustainability (Box 5.2.).

Typically, the implementation of conditional cash transfer (CCT) schemes involves the integration of multiple institutions. These programmes are characterized by the provision of combined social benefits (cash, health services, education, employment, etc.) and require the administrative validation of specified conditions (including income, and health and education controls, etc.). Integration measures therefore articulate the diverse operations performed by different institutions. In many cases, social security organizations have played a key role in implementing CCTs (ISSA, 2012a), by assuring the implementation and operation of the overall integrated programme, roles which go beyond those of the administration of social security schemes alone. This has been most apparent in programmes in Latin America. Identified success factors in inter-institutional reforms include the development of reliable Master Data systems shared by all social security agencies; intensive use of web-based technologies to interact with external stakeholders; continuing use of existing

communication channels with employers, facilitating their interaction with the new system; and technology standardization, which facilitates system interconnection (Interoperability).

The development of integrated systems has by necessity led to the development of integrated information systems. Such common information systems (or Master Data systems) aim at ensuring the accessibility and quality of the information held on all beneficiaries. France has recently implemented a common information system to coordinate efforts between different national and regional social security entities. The common social protection register (*Répertoire National Commun de la Protection Sociale – RNCPS*) has been operational since 2010. Its roles are to *i*) improve the quality of service for users by simplifying procedures; *ii*) increase the productivity of agencies responsible for managing benefits and social assistance; and *iii*) increase the effectiveness of controls to ensure the correct payment of benefits. The register provides a comprehensive overview of the nearly 75 million people linked to the French social security system.⁵

A further role of the French platform is to support anti-fraud measures and reduce non-compliance. This is a growing trend across countries in all ISSA regions. A challenge for such measures is to develop a strategy

5. See <<http://www.securite-sociale.fr/Repertoire-National-Commun-de-la-Protection-Sociale-RNCPS>>.

5.2. Improving contribution collection services

The implementation of systems enabling the electronic submission of contribution declarations has become a worldwide trend. In Cameroon, the National Insurance Fund (*Caisse nationale de sécurité sociale – CNSS*) coordinates the collection of social security contributions with the national tax authorities, which has pioneered in that country the collection of contributions in arrears and improved compliance. In the Republic of Korea, a new integrated contribution collection system has been implemented, articulating the four social security branches: health insurance, pensions, industrial accident compensation insurance, and employment insurance. The responsibility for collecting the social security contributions falls to the National Health Insurance Service in coordination with other agencies.

Other recent developments have been oriented to improve the efficiency and quality of contribution management processes and to facilitate the payment of contributions. In Ghana, the Social Security and National Insurance Trust implemented a New Business Process aiming at providing contributors with statements of account that are complete and accurate and which reflect both the earnings record and the actual contributions paid. In Sri Lanka, direct debit arrangements with banks, allowing employers to make monthly contribution payments through the electronic transfer of funds, have been put into place by the Employees' Provident Fund.

that balances prevention and repression. This balance is being achieved in a growing number of countries through the considered use of prevention measures to support comprehensive education and awareness, through risk management and early detection of non-compliance, by developing effective measures to identify and combat fraud and evasion, and focusing on improved compliance as a strategic goal. These measures are commonly supported by strengthening the capacities of institutions to enforce compliance rules and processes and by improved inter-agency coordination. Increasingly, ICT-based techniques offer a powerful toolbox to pursue all these objectives.

A further trend is the cross-border coordination of institutions in different countries. This development goes hand in hand with international progress made in increasing coverage to migrant workers through international social security agreements (see chapter 3). The effective implementation of these agreements hinges on an intensive data exchange between the responsible institutions in the countries concerned. While the Republic of Korea and Australia are leaders in the ICT-based implementation of bilateral agreements in Asia and the Pacific, in the Americas the MERCOSUR countries have successfully implemented operations of their multilateral agreement, and the European Union (EU) is currently developing the EESSI system which will enable the efficient application of EU social security regulations.

Web-based and mobile-based e-services: Improving service quality and empowering citizens and staff

Improving the quality of service delivery constitutes a priority goal for social security institutions worldwide. In this, web-based communications and e-services are playing a key role. The introduction and use of mobile devices and Short Message Service (SMS or “text”) are revolutionizing the delivery of social security services. These are driving new “high-tech, high-touch” service modalities that enable personalized, almost instantaneous, responses to individual needs at lower costs. E-applications are facilitating the 24/7 accessibility of social security services, with possibilities to carry out inquiries and transactions even from remote areas or across national boundaries.

While the approaches followed by institutions are diverse and tailored to country specifics, the mainstream responses consist of the implementation of multichannel e-services, which aim at facilitating citizens' access to information and operations. The overall goals are to bring services closer to citizens and to empower users to carry out an increasing set of operations such as updating personal data or initiating claims which, a few years ago, could only be executed by face-to-face transactions with social security staff.

Importantly, the use of mobile technologies constitutes a notable trend, not least in Africa and Asia and Pacific, as a way to overcome challenges of geographical isolation,

limited infrastructure supporting traditional (wired-based) data communications and, in some cases, the high costs of traditional bank transactions. In addition, the deepening penetration of mobile phone networks is enabling a growing number of people to take advantage of mobile devices.

Notification and information services (mainly by SMS) have been implemented by several institutions. In the United States, the Social Security Administration (SSA) has launched a website mainly oriented to smartphones, allowing a number of operations including access to Frequently Asked Questions and SSA's social network sites, and locating the nearest SSA office.

In turn, mobile-based payment services have been developed or are being considered in sub-Saharan Africa and elsewhere (Vincent and Cull, 2011). While mobile phones enable citizens to more easily interact with services, money transfers are implemented through partnerships with commercial entities such as mobile phone providers and post office agencies. In the United Republic of Tanzania, the Government Employees Provident Fund, in partnership with Vodacom Tanzania, has launched a service enabling contributions to be remitted using cell phones.

In Mauritania, the National Sickness Insurance Fund (*Caisse nationale d'assurance maladie* – CNAM) has introduced a system to reimburse insured persons using SMS. To implement this, the CNAM partnered with the Mauritanian postal system, telecommunication operators, and the University of Aix-Marseille in France. The

main goals were to overcome the costs of bank transactions, to provide easy access to insured persons who would otherwise travel long distances to receive reimbursements, and to improve information provided to beneficiaries.

In addition to enhancing services to citizens, advanced e-services and mobile technologies empower social security staff and facilitate improved decision-making and institutional performance (Box 5.3.). In Mexico, the State Employees' Social Security and Social Services Institute (*Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado* – ISSSTE) has developed a control panel that enables management to monitor and improve the supply of pharmaceuticals by using mobile tablet PCs. The main decision-makers are informed online and are able to identify problems and generate immediate actions to solve these.

Conclusions: Challenges and continuing innovation

This chapter has presented evidence of how movement towards higher efficiency and effectiveness in social security administration, which is an important goal in itself, can support the successful realization of evolving objectives and can even open the way for and enable policy innovation and improvements. Social security administrations are no longer solely implementing agencies, but increasingly are also enablers of innovation and, in some cases, have become proactive drivers of social security reform. Recent experience also reveals, however, that the adoption of new methods in social security administration can add new challenges to existing ones.

5.3. Empowering social security staff using innovative techniques

Based on the recent evidence of developments and trends across all ISSA regions (ISSA, 2011, 2012a, 2012c, 2013a), a number of innovative management techniques in administration are identifiable which contribute to empowering social security staff:

- Better coordination of tasks through organizational reform.
- A focus on improving work processes and investment practices.
- The application of performance indicators for better staff and programme management.
- Implementing codes of conduct to guide decision-making and to frame service quality goals.
- Applying risk management techniques as a management tool.

New challenges to be addressed include:

- ICT-based platforms and projects are growing in size and complexity and involve an increasing inter-institutional dimension of new services. For instance, not all the implementation aspects of ICT-based platforms can be managed by one institution alone.
- A need for improved ICT governance and management.
- National and international standardization is becoming a requirement for the implementation of integrated information systems. One challenge is to address the unmanaged heterogeneity of data quality policies implemented by institutions exchanging or sharing data, which may risk the propagation of data errors.

- Movement to e-services requires providing clients with adequate accessibility and security. However, there is a risk of failing to meet client expectations. As user trends show an increasing preference for mobile devices, this challenge will escalate.

To conclude, in relation to recent developments and trends which support the realization of higher performance in social security administration, a number of observations can be presented (Box 5.4.)

5.4. Supporting higher performance in social security administration

- Social security administrations are playing a strategic role as integrators and articulators of new and innovative technologies and management techniques. This role further permits administrations to become enablers of further system reform and, in some cases, purposeful reform leaders.
- Developing integrated, shared information platforms offers great potential to facilitate the implementation of inter-institutional programmes, which offers policy-makers and social security managers with a win-win scenario for gains in efficiency and effectiveness.
- E-services are increasingly being adopted to deliver different kinds of services to citizens. Such services offer not only greater access and information to empower clients but a means to enable higher performance and improved decision-making by administrators in the management and delivery of social security programmes.
- Advanced, and increasingly mobile, technologies offering smart solutions are being used worldwide to realize higher performance in social security service provision.

CHAPTER 6

Conclusion

This report has detailed some of the main developments in the four ISSA regions over the last three years. While such an exercise is demanding given the wide variety of situations facing national social security systems, a number of key trends have emerged which are summarized in this report.

The first trend identified relates to the complex and multifaceted impacts of the crisis and the resulting uncertain economic, fiscal and labour market environment in which social security administrations are operating. This report has demonstrated that these impacts have often been unpredictable, making it challenging for policy-makers and social security administrations to provide appropriate responses. For example, the effect on labour markets, initially seen in significant increases in unemployment rates in some countries, has proven to be much more complex – increasing levels of under-employment but also a stagnation or fall in real wages, increases in informal sector activity, and volatile flows of migrant workers. Other key challenges arising from continued economic uncertainty include budgetary and fiscal constraints, increasing inequality, and higher public and political expectations for efficient, effective and high quality services and management.

The report highlights the roles of social security programmes in responding to the short-term economic and social impacts of the crisis and outlines the dynamic and innovative approaches taken. Importantly, these have been undertaken while adaptations to longer-term

challenges such as demographic and societal change have accelerated in many countries owing to a combination of increased financial pressure and ensuing political opportunities. As a result, social security systems are increasingly perceived to be robust in terms of their preparedness for short-term shocks and their level of anticipation of longer-term challenges.

A second trend observed during the last three years refers to the significant progress made with regard to the objective to extend social security coverage. Based on the combination of *i*) an international consensus on a strategy including horizontal and vertical dimensions of extension, *ii*) sound political commitment in a significant number of countries; and *iii*) the strengthened capacity of, and innovations led by, social security administrations, there is now a new momentum for extending coverage, in particular to poor and vulnerable groups of the population. In this positive context, the historic Memorandum of Understanding signed between the ILO and the ISSA in 2012 on cooperation regarding the extension of coverage signals the importance of international collaboration and will help strengthen the support provided by both organizations to their constituents.

The third key trend observed in this report reflects that the proactive and preventive roles of social security, outlined in previous global Developments and Trends reports (ISSA, 2007 and 2010), have significantly widened and evolved and are being applied in more

social security branches and in all regions. This confirms three realities: first, that such approaches have been recognized as working well in measures to address the challenges faced by work injury, health, disability and unemployment programmes; second, because the crisis has led to a fuller appreciation of the cost effectiveness of anticipatory measures in a range of areas; and, third, because social security administrations are increasingly considered as efficient actors in these roles. As a consequence, the extension of proactive and preventive approaches to achieve the policy objectives of other branches can be observed, such as measures by old-age pension schemes to increase the age of withdrawal from the labour force. Complementing recent efforts to maintain and extend its protective functions, social security's role as an investment in people and its positive contribution to social inclusion and economic development have been strengthened through this gradual mainstreaming of proactive and preventive approaches

Combining these three trends and taking into account the conclusions of the four regional reports published during the last three years, significant progress in social security development can be observed during the recent period despite the pressures presented by the volatile and unpredictable short-term operational environment. This has been facilitated by a political discourse that has moved from an argument that social security is “affordable” to being “essential”, which reflects the positive impacts of protective, proactive and preventive social security on reducing social insecurity and supporting economic development. However, and as the fourth trend analysed in this report demonstrates, the efforts of social security administrations to strive towards higher performance have been a condition for ensuring that this political commitment has transformed into practical progress.

In a context of growing demands and often shrinking resources, social security administrations have both facilitated and enabled social security policy responses and improvements. The innovative use of ICT to enable integration and coordination of social security programmes, the application of web-based and mobile-based services to improve service quality and facilitate coverage extension, and improved management

techniques that empower social security staff have attracted most attention. By working with different stakeholders – including employers, service providers and different government agencies – social security administrations have offered a number of often groundbreaking solutions to policy-makers in dealing with the complex problems faced by society.

Administrative improvements have not only enabled reforms to be carried out, they have also shaped the nature of the reforms themselves and encouraged the adaptation of policy proposals to ensure that responses are appropriate to the needs of individuals and groups. For example, tailored approaches that play an important role for proactive and preventive approaches as well as for coverage extension strategies are facilitated by an intelligent use of ICT, greater coordination amongst stakeholders, and the knowledge and expertise of social security administration personnel. Social security administrations have thereby transformed their institutions' character from being predominantly that of implementers of policies to also increasingly become drivers of social security policy improvement and enablers of new policy measures.

It is these efforts of social security administrations – to achieve higher performance, to build more effective and efficient administration, to strive for good governance, to facilitate greater innovative capacity, all of which purposefully contribute to the positive development of the protective, proactive and preventive roles of social security systems – that embody what the ISSA calls a “commitment to excellence”. Considering the major challenge confronting social security systems, to meet short-term demands presented by a fast moving and complex world while at the same time adjusting to meet longer-term challenges, there is no doubt that excellence in social security administration will remain a key objective for the ISSA and its worldwide membership in the years ahead.

References

- Bachelet, M. (coord.).** 2011. *Social protection floor for a fair and inclusive globalization* (Report of the Social Protection Floor Advisory Group). Geneva, International Labour Office.
- Brimblecombe, S.** 2013. “A multivariable definition of adequacy: Challenges and opportunities”, in *International Social Security Review*, Vol. 66, No. 3-4.
- Cichon, M.** 2013. “The Social Protection Floors Recommendation: Can a six-page document change the course of social history?”, in *International Social Security Review*, Vol. 66, No. 3-4.
- ESA.** 2012. *World population prospects: The 2012 revision*. New York, NY, United Nations Department of Economic and Social Affairs – Population Division.
- Fultz, E.; Francis, J. M.** 2011. “Employer-sponsored programmes for the prevention and treatment of HIV/AIDS: Recent experiences from sub-Saharan Africa”, in *International Social Security Review*, Vol. 64, No. 3.
- Hagemejer, K.; McKinnon, R.** 2013. “Introduction: The role of social protection floors in extending social security to all”, in *International Social Security Review*, Vol. 66, No. 3-4.
- Harris, E.** 2013. “Financing social protection floors: Considerations of fiscal space”, in *International Social Security Review*, Vol. 66, No. 3-4.
- Hujo, K.; McClanahan, S. (eds.).** 2009. *Financing social policy: Mobilizing resources for social development*. Basingstoke, Palgrave.
- ILO.** 2010. *World social security report 2010/2011: Providing coverage in times of crisis and beyond*. Geneva, International Labour Office.
- ILO.** 2012. *World of work report 2012: Better jobs for a better economy*. Geneva, International Labour Office – International Institute for Labour Studies.
- ILO.** 2013a. *Global employment trends 2013: Recovering from a second jobs dip*. Geneva, International Labour Office.
- ILO.** 2013b. *Global employment trends for youth: A generation at risk*. Geneva, International Labour Office.
- IMF.** 2013. *World economic outlook: Hopes, realities, risks*. Washington, DC, International Monetary Fund.
- ISSA.** 2007. *Developments and trends: Supporting dynamic social security* (Developments and trends). Geneva, International Social Security Association.

- ISSA.** 2010. *Dynamic social security: Securing social stability and economic development* (Developments and trends). Geneva, International Social Security Association.
- ISSA.** 2011. *Africa: A new balance for social security* (Developments and trends). Geneva, International Social Security Association.
- ISSA.** 2012a. *The Americas: Improving coverage through the innovative transformation of social security* (Developments and trends). Geneva, International Social Security Association.
- ISSA.** 2012b. *Handbook on the extension of social security coverage to the self-employed* (Extension of social security). Geneva, International Social Security Association.
- ISSA.** 2012c. *Asia and the Pacific: Addressing complex needs through innovative and proactive social security* (Developments and trends). Geneva, International Social Security Association.
- ISSA.** 2013a. *Europe: Enhancing the sustainability of comprehensive social security systems* (Developments and trends). Geneva, International Social Security Association.
- ISSA.** 2013b. *Social security coverage extension in the BRICS: A comparative study on the extension of coverage in Brazil, the Russian Federation, India, China and South Africa*. Geneva, International Social Security Association.
- ISSA.** 2013c. *Calculating the international return on prevention for companies: Costs and benefits of investments in occupational safety and health* (Research report). Geneva, International Social Security Association.
- Li, R. et al.** 2010. "Cost-effectiveness of interventions to prevent and control diabetes mellitus: A systematic review", in *Diabetes Care*, Vol. 33, No. 8.
- Lehnert, T. et al.** 2012. "The long-term cost-effectiveness of obesity prevention interventions: Systematic literature review", in *Obesity Review*, Vol. 13, No. 6.
- Lloyd-Sherlock, P. et al.** 2012. "Social protection and preventing illness in developing countries: Establishing the health effects of pensions and health insurance", in *International Social Security Review*, Vol. 65, No. 4.
- McKinnon, R.** 2007. "Dynamic Social Security: A framework for directing change and extending coverage", in *International Social Security Review*, Vol. 60, No. 2-3.
- Seddon, J.; O'Donovan, B.** 2013. "The Achilles' heel of scale service design in social security administration: The case of the United Kingdom's Universal Credit", in *International Social Security Review*, Vol. 66, No. 1.
- Sinfield, A.** 2012. "Editorial: Social security and prevention", in *International Social Security Review*, Vol. 65, No. 4.
- SSA; ISSA.** (various years). *Social security programs throughout the world*. Washington, DC, Social Security Administration.
- Vincent, K.; Cull, T.** 2011. "Cell phones, electronic delivery systems and social cash transfers: Recent evidence and experiences from Africa", in *International Social Security Review*, Vol. 64, No. 1.

Dynamic Social Security: A global commitment to excellence

Dynamic Social Security: A global commitment to excellence identifies, synthesizes and interprets the most important recent developments and trends in social security worldwide. A major conclusion of the report is that despite often constrained resources, many social security administrations are making major progress in doing more with less, to improve the service delivery to populations of protective, proactive and preventive measures, and that these achievements are frequently being matched by advances in governance outcomes. Social security administrations are more consistently performing well. Importantly, continuing progress towards excellence in social security administration, a central element of Dynamic Social Security, can be identified in all ISSA regions.

This Developments and Trends reports is designed to accompany and inform the International Social Security Association's (ISSA) 2013 World Social Security Forum, hosted by the General Retirement and Social Insurance Authority of Qatar. In combination with a recent series of regional reports on Africa, Asia and the Pacific, Europe and the Americas, this global report presents a new approach to better documenting, understanding, and learning from the key challenges facing ISSA member organizations in the different regions of the world.

The International Social Security Association is the world's leading international organization bringing together government departments, social security administrations and agencies administering social security. Globally, the ISSA has around 350 member organizations in over 150 countries.