



INTERNATIONAL SOCIAL SECURITY ASSOCIATION

# Social Policy Highlight 01



## Social security: Key policy issues

The International Social Security Association (ISSA) welcomes you to its new periodical: *Social Policy Highlight*. Published three times a year, the *Social Policy Highlight* series is an important new means for the ISSA to present analysis and report on what is truly new and significant in the changing world of social security. As a global observer of social security the series will also give added value to the output of ISSA's many technical and research activities.

In recognition of the voiced needs and priorities of many social security practitioners, a new tool is thus placed at ISSA members' fingertips enhancing their capacity to participate in social security debates. As required reading, the series also provides a handy source of key facts and figures to social security's wider international community. In this way, *Social Policy Highlight* aims to better equip all who participate in debates about social security and its future. To launch the series, this first issue presents an overview of the four key challenges identified by the ISSA as confronting social security worldwide: system coverage, benefit adequacy, financial sustainability, and institutional governance. From country to country, the success with which these complex challenges are being met varies. Moreover, one country's answers may not suit another. Nonetheless, policy lessons are being learnt and experiences shared. Social security is moving forward. Reflecting a newfound confidence in the capacity of social security to adjust further to society's needs, the *Highlight* concludes with ten policy issues for action that are vital to realizing the goal of more adequate social security for all.

*Hans-Horst Konkolewsky, Secretary General*

### Actions speak louder than words

In today's competitive global economy social security is recognized not only as a moral imperative but as an economic one too. More and more it is accepted that delivering equitable social and economic development requires social security.

This understanding gives added force to the United Nations 1948 Universal Declaration of Human Rights (Article 22): "Everyone, as a member of society, has the right to social security"

These are fine words. But it is actions – leading to policy outcomes – that matter. It is worth pausing to reflect that after

#### This issue:

- Spotlights key challenges facing social security globally
- Presents evidence of how social security is adjusting
- Identifies obstacles to "social security for all"
- Pinpoints policy issues to improve social security outcomes

nearly 60 years the 1948 Declaration remains social security's longer-term objective and undiminished present-day challenge.

The challenges facing social security cannot be overestimated. Globally, social security frequently underperforms in relation to the following key challenges.

### Key challenges

- The number of workers and citizens covered
- The adequacy of benefits
- Its financial sustainability
- The quality of institutional governance

## The reality

Current estimates suggest 50 per cent of the world's population currently live without any social security protection while 80 per cent live without adequate protection. And rare are the countries where spending constraints have not clashed with demands for improved health care and pensions.

But despite the harsh reality of these challenges, social security is adjusting. Importantly, there is evidence in support of a move toward newfound confidence. Where once social security's only press coverage was bad, now there is good news too.

## The case for confidence

The evidence of recent years<sup>1</sup> shows that coverage has extended under existing as well as new programmes. Take the examples of Brazil, China, Costa Rica, India, Republic of Korea, South Africa, Tunisia, and elsewhere. While some countries have favoured the extension of access to basic health care, others have given priority to cash benefits. As some have prioritized cover for the elderly or orphans, others have prioritized affordable cover for rural or informal economy workers. At the national and household level, such developments are singularly positive.

But wider accessibility and improved coverage are not enough. Doubts about whether benefits are large enough to provide adequate security continue to apply to many public as well

as privatized social security systems. Happily, the belief that individual risks must be reduced and a minimum level of protection guaranteed now carries even greater weight. These improvements in coverage and adequacy signal an important shift in favour of social security.

Positive changes are underway within social security administrations too. Though decisions about contribution and benefit levels vary from country to country, guaranteeing the financial sustainability of social security is one objective on which all are agreed.

Likewise, making certain the governance requirements of financial accountability and transparency is equally accepted. These issues are fundamental, not least because social security's investment horizons bridge across generations.

When talking of solidarity across generations, it is no surprise to see social security giving more support to families with children. Yet providing support to families is not just a question of social equity. In a rapidly ageing world (see table), such support provides a most welcome statement about investing in tomorrow's human capital.

As UN demographic indicators underline, this is also why efforts to counteract declining labour force size in ageing societies by coordinating social security policies with those of labour ministries are so necessary. And if the better coordination of social security with labour markets is the way forward, continuing education and training for workers of all ages must be part of the solution too.

For other challenges facing social security, more thought is still required.

We know that the immediate challenges about economic growth and labour market development differ for less and more developed economies. For the less developed, unsatisfactory levels of economic growth and the expansion of weakly regulated employment remain thorns in social security's side. However, these factors show that there is a limit to what social security administrations can do alone. Without strong political will and open-mindedness at cabinet level, social security faces a steep uphill struggle.

## The way forward

As was previously reported in *Social security: Toward newfound confidence*, social security globally is currently better adapting to the needs of workers and citizens. In many countries social security has taken a further step forward in anticipation of ageing society's future needs as well. One favoured step is the build-up of surplus funds to pay future benefits. Another is the modification of legislation to encourage citizens who are able to remain actively employed. And all of this is happening in an unprecedented international environment of demographic, social, economic, and technological change.

Yet, still too many men, women, and children remain vulnerable. As red-hot issues, the worldwide growth of inequality and insecurity and the heightened perceived risk of civil unrest speak for themselves. Social security must reach out further.

### Selected global demographic indicators

	1985	1995	2005	2015	2025
Pop. aged <15	33.5%	31.5%	28.1%	25.9%	24.1%
Pop. aged >59	8.9%	9.5%	10.4%	12.4%	15.1%
Pop. aged >79	0.9%	1.1%	1.3%	1.7%	2.0%
Median age (years)	23.8	25.7	28.1	30.4	32.8

Source: United Nations Population Division. Available at: <http://esa.un.org/unpp>.

Let's be clear on this. The further adaptation of social security should not be a question of trendy jargon. Neither should it be about fashion. And it should not be discriminatory either. Fundamentally, the universal principles of social security remain unchanged.

Making social security more adequate and universal remain the core objectives. Achieving these should include not only how we finance and administer our social security systems but also how we seek to better mainstream social security within public policy.

## Integrated policy

The better integration of social security in wider public policy is a rising issue on the policy agenda. As one example, the challenges of ageing society require that the actions of ministries responsible for labour policy, health, education, and even urban planning are better integrated with those of social security. Significantly, it proves that social security is not peripheral to life in the 21st century.

More than ever, policy-makers view social security as central to creating a more inclusive, secure, and socially just world for all.

## Social security for all

Words are important. And confidence is important too. But what's really needed is action.

What is more, social security must accept that the general public has ever higher expectations as well as ever more complex needs.

How well these evolving expectations and needs are met will determine whether the goal of social security for all becomes a reality.

Surely there is no greater challenge than this.

## How to improve outcomes?

In the search for integrated solutions, the ISSA has pinpointed ten policy issues for improving social security outcomes:

- Enhance labour market opportunities for women and men
- Meet the challenges of insecure employment and fragmented work histories
- Ensure gender equality
- Provide appropriate financial and other support to families with children
- Ensure the sustainability of health care and pension systems
- Reverse the trend toward early retirement and improve work resumption policies
- Limit individual risks in preparing for retirement and other contingencies
- Facilitate continuing education and training throughout the life course
- Promote safety and health in the workplace
- Better integrate and better publicize social security's role in public policy

## Sources

- <sup>1</sup> Levinsky, R.; McKinnon, R. (eds.). 2005. *Social security: Toward newfound confidence*, International Social Security Association, Geneva.

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

4 route des Morillons  
Case postale 1  
CH-1211 Geneva 22

T: +41 22 799 66 17  
F: +41 22 799 85 09  
E: [issacomm@ilo.org](mailto:issacomm@ilo.org) | [www.issa.int](http://www.issa.int)