

Social Security as Development Aid

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Social Security

- There can be found social security, in one form or another, in most of the countries in the world, but it is always different
- The term is simple and well-known, but there is no general or common definition, not nationally nor internationally
- It is always social, based on solidarity i.e. all prepare for the risks together, although the risks are divided inequally
- It can be seen as "the cement of society"
- Is statutory, and usually obligatory, too
- There is always a structure, administration, institution.

C102 Social Security (Minimum Standards) Convention, 1952

The Social Security (Minimum Standards) Convention, 1952 (No. 102), is the flagship of all ILO social security Conventions, as it is the only international instrument, based on basic social security principles, that establishes worldwide-agreed minimum standards for all nine branches of social security. These branches are:

- medical care;
- sickness benefit;
- unemployment benefit;
- old-age benefit;
- employment injury benefit;
- family benefit;
- maternity benefit;
- invalidity benefit; and
- survivors' benefit.

The ILO Social Security (Minimum Standards) Convention, 1952 (No. 102)

While Convention No. 102 covers all branches, it requires that only three of these branches be ratified by Member states, which allows for the step-by-step extension of social security coverage by ratifying countries.

The minimum objectives of the Convention relate, for all the nine branches, to the percentage of the population protected by social security schemes, the level of the minimum benefit to be secured to protected persons, as well as to the conditions for entitlement and period of entitlement to benefits.

The ILO Social Security (Minimum Standards) Convention, 1952 (No. 102)

The principles anchored in Convention No. 102 are:

- guarantee of defined benefits;
- participation of employers and workers in the administration of the schemes;
- general responsibility of the state for the due provision of the benefits and the proper administration of the institutions;
- collective financing of the benefits by way of insurance contributions or taxation.

Convention No. 102 does not prescribe how to reach these objectives but leaves certain flexibility to the member state. They can be reached through:

- universal schemes;
- social insurance schemes with earnings related or flat rate components or both;
- social assistance schemes.

Models of Social Security

- Nordic
 - universal
 - individual rights
 - widespread public services - strong proportion of taxation
- Anglosaxon / Beveridgean
 - residual
 - means-tested
 - level benefits
 - additional insurance coverage common
- Central European / Bismarckian
 - based on contribution = social insurance
 - employment based - family members have derived rights
 - services from church and third sector (with state support)
- Southern European
 - system like the Central European, but lower level
 - considerable share of family, church and third sector
- Eastern European
 - developing, "seeking the right way"
 - low level of benefits
 - outside influence (EU, Worldbank, etc.)

Financing of Social Security

Payers - employers, employees, state (public), clients

Contributions and premiums

- employers, employees and state pay contributions (or premiums) to social security or insurance schemes

Taxes

- state, municipality etc. (public)

Contributions paid as taxes

- "ear-marked" contributions to social security collected by the tax authorities.

Different types of fees paid by clients (patients)

In several countries there are also taxes, which are called employment taxes or contributions, additional payments, etc.

Social Security in the EU

3rd pillar	Other (private)
2nd pillar	Supplementary / Occupational
1st pillar	Statutory

Social Security Scheme in Finland

Ministry of Social Affairs and Health

3rd pillar					
2nd pillar					
1st pillar					
<p>Sickness and Maternity</p> <p>Medical Care</p> <p>Medical Care</p> <p>Public Health and Hospitals</p>	<p>Sickness and Maternity Insurance</p> <p>Sickness and Maternity Daily Allowances</p>	<p>Pension Insurance</p> <p>Basic National Pensions</p> <p>Employment Pensions</p>	<p>Employment Accident and Occupational Diseases Insurance</p>	<p>Unemployment Benefits</p> <p>Basic Amounts</p> <p>Based on Income</p>	<p>Family Benefits</p> <p>Child Benefit, Maternity Grant, Child Home Care Maintenance Under 16 years be</p> <p>Social Allowances Social Services</p>
<p>Municipalities and their alliances</p>	<p>Social Insurance Institution</p>	<p>Private Insurance Companies, Funds & Foundations</p> <p>Centre for Finnish Pensions</p>	<p>Private Insurance Companies</p> <p>Federation of Accident Ins. Companies</p>	<p>Social Insurance Institution Funds</p>	<p>Social Insurance Institution, Municipalities</p>

SOCIAL SECURITY - INSURANCE- characteristics

(1. pillar)	(2. pillar)	(3. pillar)
Social security	Collective schemes	Private insurance
statutory	based on contract	market based
solidarity	solidarity possible	private insuring
obligatory	obligatory/optional	voluntary
public adm.	fund/foundation/labour markets	insurance company
no funding	funding/no funding	funding
defined benefit	defined benefit/contribution	defined contribution

Social Security as Development Aid

- Call it social security
- Use the elements of social security
- Make it based on legislation (if possible)
- Make the structures and administration permanent
- Low levels of benefits are not any problem, they are only the start.