Social protection and social security

29 August, 2019

Questions and comments from the audience

#1 My question to Guillaume. First, thank you for a comprehensive and insightful presentation. Thank you for clarifying that social security is contributory and is part of social protection. That being the case, why is it used interchangeably with social security by ILO and others and do you know when the term social protection was first used? (From Gabriel Fernandez)

Guillaume Filhon: Dear Gabriel, as for myself, I use the definition developed by ISSA (see for example: Coheur, A., Jacquier C., Schmitt-Diabatté V., Schremmer J., Articulation between legal Social Security schemes and communitary based Social protection: a new and promising promess). Social protection is wider than Social Security, which is mainly contributive, compulsory, not for profit, and redistributive. You can also refer to Kessler (Droit de la protection sociale) or Dupeyroux (Droit de la Sécurité sociale). Social protection is not an easy concept and it emerged progressively in the late 19th century, in connexion with the notion of welfare state, a notion that is said has being pronounced for the first time in 1864 by Emile Ollivier, a member of the French Parliament, who was opposed to its development. Social Protection Floor is an ILO initiative developed in the 2010s’ Following the Report by Michèle Bachelet (see here: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_165750.pdf): it involves all stakeholders, social security included of course.

#2 How to extend social protection to informal workers is a challenge that is being raised by many stakeholders. How do you think effective and efficient social security administration can contribute to addressing this challenge? (From Roberta Brito)

Guillaume Filhon: See ISSA’s dedicated reports, Guidelines and Handbooks. Basically, we do recommend 1) Public incentives to help contributors (see the good practice from China), 2) lump-sum as contribution but full inclusion as a consequence (see good practice from Uruguay), especially for Health. And 3) strong communication support, if possible for the long term by partnerships with public education on Social Security.

#3 Hi. My name is Aparajita. I work with the Social Protection Initiative at Dvara Research, India. I was curious as to what the opinions of all the panellists are on the difference between social protection and social security. I'm familiar with the distinction ILO makes where they consider social protection as broader than social security and the various sectors it comprises (ref World Social Protection reports). It would be helpful to hear other panellists views for the technical
usage of these terms (if any). (From Aparajita Singh – Social Protection Initiative at Dvara Research)

Guillaume Filhon: See my first answer: Social Security is determined by a large number of clues: Not for profit, compulsory for certain part of the population, contributive and redistributive, even if it has to manage social assistance programs (such as the family benefit scheme in France, also in charge of a large number of social assistance program: Minimum income, Minimum grant for lone mothers...).

Laura Alfers: I would agree with the ILO that social protection is wider than social security, both in terms of the sectors that are included, but perhaps also the fact that social protection can also include non-state actors (e.g. indigenous social protection mechanisms, the private sector), whereas social security has more statist connotations.

#4 In Africa the challenge for social security is that you have more workers in the informal sector than the formal. In that regard, you may be aware that ILO and others are supporting efforts to transition workers from the informal to the formal. Are there good examples where this transition has been successful and what were the factors that contributed to that success? (From Gabriel Fernandez)

This question was addressed live. Watch here.

#5 Question to Guillaume: you mentioned the risk of covering domestic workers as a challenge, is the challenge the fiscal space, undocumented/unavailability of data or the targeting process? (From Milkah Chebii)

Guillaume Filhon: I would say the two first ones: most of the issue is the difficulty to document the situation of these people. A process that is recommended is to “align interests”, by paying, for example, part of the contribution that should have been paid by the employer, so that the latter has some interest in declaring the existence of his/her domestic worker. We have several practices that tackle this challenge by obtaining such cross declaration.

#6 Brilliant example by Laura of exclusion by design with her example of Mohalla Clinics in Delhi. Laura, could you point us to more such experiences or resources you have come across on de facto or de jure exclusions. We’re trying to understand exclusion in social protection due to design and delivery architecture (e.g. access to touch points, barriers to banking). (From Aparajita Singh – Social Protection Initiative at Dvara Research)
Laura Alfers: Thank you Aparajita. We have some good examples of health systems exclusions by design, and will in the next year or so have more data from South Asia on exclusions related to social assistance and insurance specifically. Some existing examples you might find interesting:


Chen and Lund chapter (Ch. 10) on barriers to access to health services in South Africa, Thailand & India: [https://www.adb.org/sites/default/files/publication/203891/sp-informalworkers-asia.pdf](https://www.adb.org/sites/default/files/publication/203891/sp-informalworkers-asia.pdf)

We also have a new write up on how SEWA is working to overcome these barriers here: [http://www.wiego.org/sites/default/files/publications/files/WL7_Devenish_Alfers%20final%20for%20web.pdf](http://www.wiego.org/sites/default/files/publications/files/WL7_Devenish_Alfers%20final%20for%20web.pdf)

**#7** To Laura: If women are in the margins of social protection in many contexts, trans people have even bigger challenges. Do you feel the legal framework and the policy discourse is starting to include those people or do they remain invisible for social protection? (From Patricia Cavallari)

Laura Alfers: I don’t feel qualified to comment on this – our primary focus is on women who are informal workers, and we have not done any work with the trans community.

**#8** Question to Laura Alfers, are there best practice methods that have been used to induce the informal workers to contribute? What can policy makers do to enhance informal contributions? (From Milkah Chebii)

This question was addressed live. Watch [here](http://www.wiego.org/sites/default/files/publications/files/WL7_Devenish_Alfers%20final%20for%20web.pdf).

**#9** Given Laura’s presentation I would not limit my question on informal workers to Guillaume but more particularly to Laura: what are the factors that can facilitate transition of informal workers to the formal? Also, good and clear presentation. (From Gabriel Fernandez)

Laura Alfers: Thank you Gabriel. I think we would first need to be clear about what type of formalization we are talking about. Is it about collecting taxes and ensuring compliance with business regulations, or does it have a more welfarist agenda (such as that encapsulated within R204)? In other words, the terms of formalization will play a big role in whether informal
workers themselves are willing to participate (and I would argue that this is a major factor in facilitating the transition). I think informal workers are more likely to want the second version.

**#10** With respect to regressive financing arrangements, India has recently introduced the Draft Social Security Code in the Lower House. It sets the minimum wage at Rs 178 and contribution to social security between 12.5% to 20% of the wage. Any comments on this, Laura? We're trying to assess the viability of this and get them out there before the Act is passed. (From Aparajita Singh – Social Protection Initiative at Dvara Research)

*Laura Alfers:* Hi again Aparajita. It is difficult to answer this without having more information. I know that there is relatively good data on the informal economy in India. Is there data on average earnings in the informal sector, for example? How does this compare to the minimum wage? Will informal workers have to shoulder the whole 12.5% to 20%, or will there be a co-contribution? How does this compare to the situation of formal workers.

**#11** In addition to Laura’s very informative presentation I kindly like to refer to a brochure, published by AGE International, reviewing how older women - working in the informal sector - contribute to the economic growth in low- and middle-income countries. [https://www.ageinternational.org.uk/policy-research/publications/older-womens-work/](https://www.ageinternational.org.uk/policy-research/publications/older-womens-work/) (From Juergen Focke)

**#12** Could Laura explain a bit more regarding the KKPKP India as proxy employer model? (From Bruno Deceukelier)

*Laura Alfers:* With some groups of informal workers – for example waste pickers who shoulder the burden of managing solid waste – there is the possibility of trying to establish a connection to the municipality. They are not necessarily the employers of waste pickers, but because waste pickers are making a contribution to municipal functions, it could be argued that municipalities should bear some responsibility for their social protection. This was the argument made successfully by the union of waste pickers – KKPKP – in Pune, India. You can read more here: [http://www.wiego.org/sites/default/files/publications/files/Samarth_OHS_Health_of_WP_in_Pune.pdf](http://www.wiego.org/sites/default/files/publications/files/Samarth_OHS_Health_of_WP_in_Pune.pdf)

**#13** Again a very good presentation from Natalia, my question on FAO studies is have you looked at how to address the impact of climate change on the rural poor and what social security support is envisaged both in response and as prevention? (From Gabriel Fernandez)
Natalia Winder Rossi: Yes, we are looking at the role of social protection (mainly assistance and insurance) in 1, reducing the negative impacts of climate-related risks on rural livelihoods; 2, minimizing negative coping mechanisms due to climate-related risks; 3, supporting the transition to sustainable and climate-smart practices and livelihoods covering the economic costs of transition and risk dimensions and 4; using social protection established systems to channel early action responses based on climate-information based trigger systems.

FAO is developing a framing document in this regard, which should be available in the coming weeks.

#14 Hi Natalia, in view of the World Bank Changing Nature of Work report, what do you feel about skilling helping integration of rural youth into the market? A recent conference I attended in India with respect to construction workers in India argued that entrepreneurship and not skilling was the way forward as there are no competitive wages available anymore in lieu of technology replacing the need for workers. (From Aparajita Singh – Social Protection Initiative at Dvara Research)

Natalia Winder Rossi: I think there is no one solution to pursue. The important thing it to be able to understand the context; the specific constraints that face rural youth in terms of employment and job opportunities, and then identify specific options to address them. What are the structural constraints- are these related to intergenerational transfer constraints, land titling, limited access to social protection (e.g.: pensions) to the older generations; new markets that require specific re-training and support, etc. In some contexts, yes, indeed it is a question of specific and targeted skills training, in others – where there are no formal jobs available- it is a matter of promoting entrepreneurship.

However, for me it is also important to understand that it is a demand and supply approach. On the one hand enhancing the capacity of youth to better respond to the changing nature of work and be able to respond and be competitive, and on the other, working with the different sectors to identify new opportunities for youth; in other words, making value chains for inclusive, thinking about agriculture but also agribusiness opportunities, among others.

#15 The average age of farmers in Africa is around 60 years old which would lean more towards old age pension should this be limited to this transfer? (From Gabriel Fernandez)

Natalia Winder Rossi: If I understand the question well, Mr. Fernandez is asking whether old age pensions should be the only social protection instrument available to the elderly. If this is the case, the answer I would give, is no. Pensions are a key instrument that provides key support to the elderly. However, once again, it is key to look at the context to understand the needs and opportunities. In some countries in Latin America, economic inclusion programmes have been promoted among the 60+ population, allowing these families to complement their incomes with new productive activities. This is done supporting collective action, organization and entrance
into cooperative structures, etc. In SSA, a significant portion of the participants of cash transfer programmes are households with elderly head, taking care of young children. Despite potential limited labor capacity, household heads are able to use the cash to hire labor to work on their land, or rent land for productive purposes.

#16 What are the panellists views with respect to private pensions for the informal sector? I read in an ILO report about how private pensions have failed in several countries and they are reverting back towards public pensions. Should we be wary of private pensions then? (From Aparajita Singh – Social Protection Initiative at Dvara Research)

Guillaume Filhon: Private saving is a way to answer to the issue of ageing, it is even, historically, the first one (with the fact of having numerous children!) but it is not, by far, the best one: the issue is technical; it is not possible to plan how many money you would need in retirement age, since you cannot have an individual forecast of your actual age of death. Basically, pensions can be actuarially managed as long as they cover a sufficient number of people to become representative of the population you’re in charge of. A nationwide Private pension is the most expensive way to do it, since you have to pay not only for you, but also for the intermediaries you’ll have to pay to manage your money during your contribution period. Besides, you’ll add to different risks that exist for all pension schemes (inflation, demography, political event) some other ones, that are specific of the financial market (instability, financial risks, bubbles, myopia of market operators, multiplicity of actors who are difficult to manage for the Government but who have a power of influence that is proportionate to the size of their assets, and so on and so forth).

So, to conclude, private pensions are a solution, but not the best one as the main scheme, from an empiric point of view (see ILO and AECD reports on private pensions). In the end, they do not tackle an important aspect of social security, and that is redistribution (remember the quote of LSE Nich Barr on a good pension program: it ensures 1) consumption smoothing, 2) Poverty avoidance 3) no negative externalities on the Employment market and 4) no negative externalities on the financial Market). That’s why they can be developed, but only as a third (and optional) pillar.

#17 Many thanks and congratulation on a good moderation. (From Gabriel Fernandez)

#18 Social Protection Coverage: Rural Youth. From today's presentation I noted that there are very few programs that are specifically targeted to youth, focused on specific needs as they enter labour market. How best can we deal with this? (From Simeon Bondera Nyirenda)

Natalia Winder Rossi: This is definitely an area where targeted research is needed. It is critical to understand the specific constraints and vulnerabilities of adolescents and youth and identify
best programmes and programme design to address them. There is work to be done in understanding the barriers, but also the importance of addressing these to contribute to effectively deal with youth employment issues. There is important work being done by organization such as UNICEF looking at adolescent well-being, focusing on health and education. A similar approach is needed in terms of economic opportunities and decent work. As countries, particularly in Africa, promote new economic and employment opportunities for youth, it is key that these are decent, following minimum standards of decent work.