



International  
Labour  
Organization

## FACTS ON

# *Social Security*

***Social security is the protection that a society provides to individuals and households to ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner.***

Social security protection is clearly defined in ILO conventions and UN instruments as a basic human right – albeit one that a small proportion of the people on our planet actually enjoy. Broadly defined as a system of contribution-based health, pension and unemployment protection, along with tax-financed social benefits, social security has become a universal challenge in a globalizing world.

Only 20 percent of the world's population has adequate social security coverage, while more than half lacks any kind of social security protection at all. Those without coverage tend to be part of the informal economy – they are generally not protected in old age by social security, and they cannot afford to pay their health care bill. In addition, many people have insufficient coverage – that is, they may lack significant elements of protection (such as health care or pension) or what protection they do have is low or declining. Experience shows that people are willing to contribute to social security benefits that satisfy their priority needs.

It was once assumed that an increasing proportion of the labour force in developing countries would end up in formal-sector employment covered by social security. However, experience has shown that the growing incidence of informal work has led to

stagnant or declining rates of coverage. Even in countries with high economic growth, increasing numbers of workers – often women – are in less secure employment, such as casual labour, home work and certain types of self-employment lacking social security coverage. The most vulnerable groups outside the labour force are people with disabilities and old people who cannot count on family support, and who have not been able to make provisions for their own pensions.

### ***Key Statistics***

- Only one in five people in the world has adequate social security coverage.
- More than half the world's population lacks any type of social security protection.
- In sub-Saharan Africa and South Asia, only an estimated 5% to 10% of the working population has some social security coverage.
- In middle-income countries, social security coverage generally ranges from 20% to 60% of the population.
- In most industrialized countries, coverage is close to 100%, although increasing informalisation of work results in lower levels of coverage, especially in countries in economic transition.
- Europe is the region with the highest level of social security expenditure at nearly 25% of GDP, followed by North America at 16.6%. Africa has the lowest level at 4.3% of GDP.
- The HIV/AIDS pandemic threatens the financial viability of social security systems in many developing countries.
- Lack of social security coverage is largely concentrated in the informal economies of the developing world, which are generally a larger source of employment for women than for men.

## ***Impact of Social Security***

Social security has a powerful impact at all levels of society. It provides workers and their families with access to health care and with protection against loss of income, whether it is for short periods of unemployment or sickness or maternity or for a longer time due to invalidity or employment injury. It provides older people with income security in their retirement years. Children benefit from social security programmes designed to help their families cope with the cost of education. For employers and enterprises, social security helps maintain stable labour relations and a productive workforce. And social security can contribute to social cohesion and to a country's overall growth and development by bolstering living standards, cushioning the effects of structural and technological change on people and thereby providing the basis for a more positive approach toward globalization.

### ***Extending Social Security: It Can Be Done***

- The Republic of Korea increased health insurance coverage from 20 percent in 1977 to full coverage in 1989.
- Costa Rica achieved full health coverage through a combination of health insurance and free access to public health services.
- Tunisia is progressing toward universal security coverage. The country increased health and pension coverage from 60 percent in 1989 to 84 percent in 1999.
- South Africa tax-financed State Old-Age Pension (SOAP) reaches 1.9 million beneficiaries, about 85% of the eligible population. The scheme reduces the poverty gap for pensioners by 94%.
- India's National Old-Age Pension Scheme, financed by central and state resources, reaches one fourth of all elderly, i.e. about half of pensioners who live in poverty.
- In Brazil, social assistance pensions lift about 14 million people out of extreme poverty.

## ***The ILO and Social Security***

Social security was established as a basic human right in the ILO's Declaration of Philadelphia (1944) and its Income Security Recommendation, 1944 (No. 67). This right is upheld in the Universal Declaration of Human Rights, 1948, and the International Covenant on Economic, Social and Cultural Rights, 1966.

ILO conventions and recommendations relevant to social security extension policies include:

- The Social Security (Minimum Standards) Convention, 1952 (No. 102)
- The Equality of Treatment (Social Security) Convention, 1962 (No. 118)
- The Employment Injury Benefits Convention, 1964 (Schedule I amended in 1980) (No.121)
- Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128)
- The Medical Care and Sickness Benefits Convention, 1969 (No.130)
- The Maintenance of Social Security Rights Convention, 1982 (No. 157)
- The Employment Promotion and Protection against Unemployment Convention, 1988 (No.168)
- The Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189)
- Maternity Protection Convention (Revised) 2000 (No. 183)

In 2001, the International Labour Conference adopted the Resolution and Conclusions concerning Social Security.

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