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EXCELLENCE IN SOCIAL SECURITY



MINISTRY OF HUMAN RESOURCES



PERKESO

The ILO Social Protection Floor... in the context of multi-tier social protection in Malaysia

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International Labour Organisation, Bangkok

Social security for the self-employed and platform workers
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The International Labour Organization

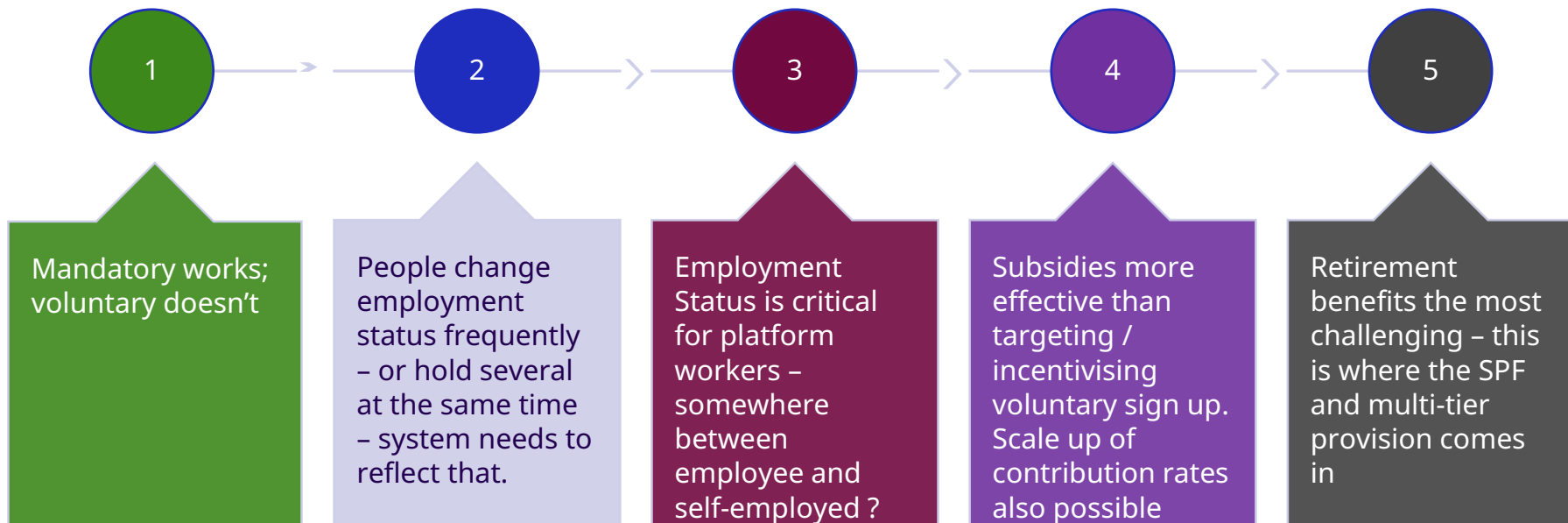
The ILO was founded in 1919 and is a tripartite organisation

“Universal and lasting peace can be established only if it is based upon social justice” ->
*“Only **decent work** for all can provide the social foundations for the global economy”*

Employment and social protection two sides of the same ‘decent work’ coin

Action and impact through the adoption of **international labour standards**, the supervision of their application and the provision of related technical assistance

Takeaways

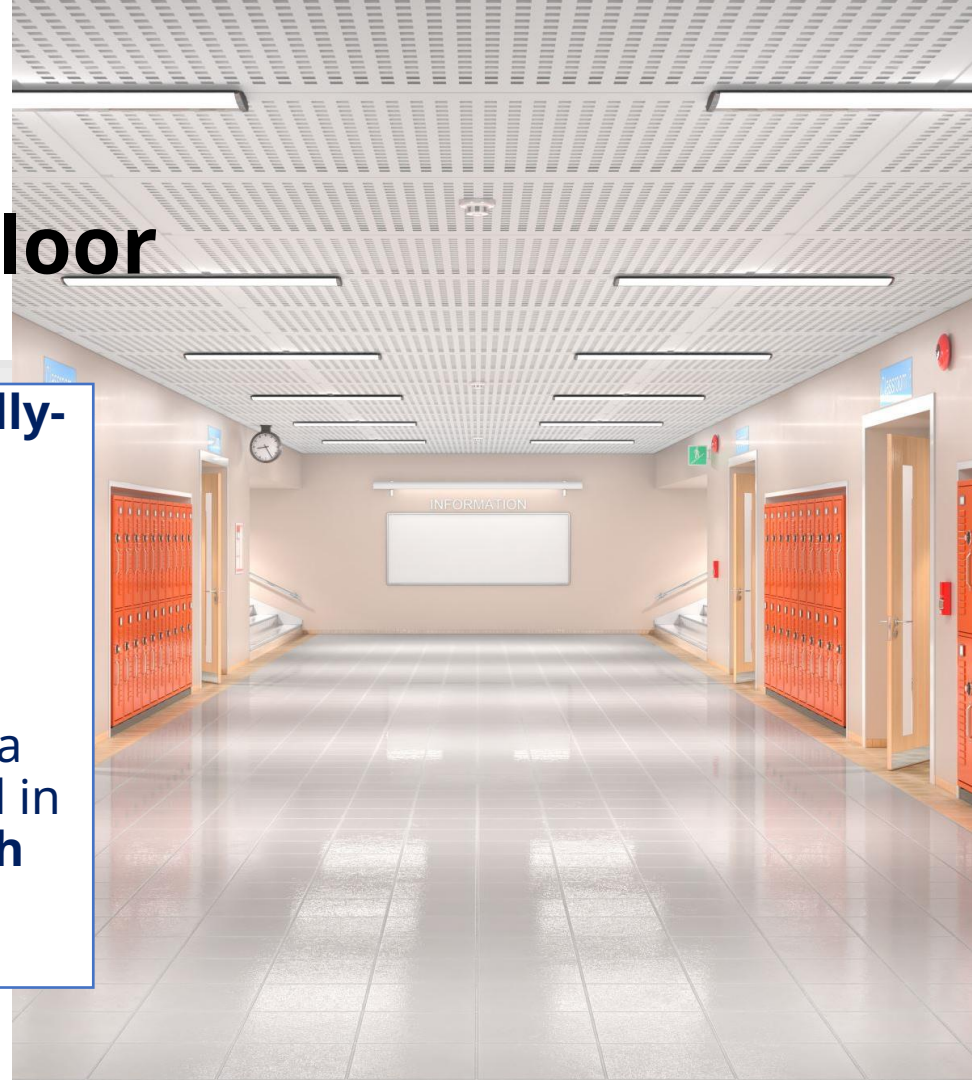




International
Labour
Organization

ILO Social Protection Floor

- ❖ Social protection floors are **nationally-defined** sets of basic social security guarantees which secure protection aimed at preventing or alleviating **poverty, vulnerability and social exclusion**.
- ❖ These guarantees should ensure at a **minimum** that, over the life cycle, all in need have access to **essential health care and basic income security**.



NATIONALLY-DEFINED GUARANTEES:

The guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level.

They should comprise at least the following **basic social security guarantees**:



access to a set of goods and services constituting essential health care



basic income security for children



basic income security for persons in active age unable to earn sufficient income



basic income security for persons in old age

national definition of minimum levels

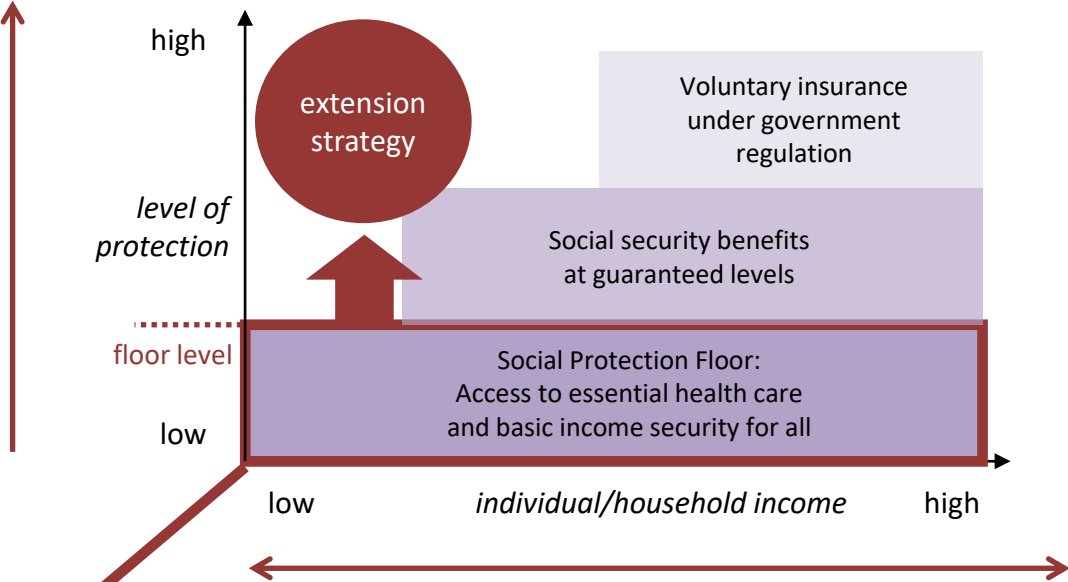
SCOPE:

Guarantees should be provided to at least **all residents and children**, as defined in national laws and regulations, subject to Members' existing international obligations. (para. 6)

The ILO Social Protection Floor is just part of a multi-tier SP system

'National' means no *one-size-fits-all*

Vertical dimension: progressively ensuring higher levels of protection, guided by Convention No.102 and more advanced standards



Social Protection Floor: ILO Convention 102 and Recommendation 202

Horizontal dimension: Guaranteeing access to essential health care and minimum income security for all, guided by Recommendation No. 202

Social Security (Minimum Standards) Convention 1952, No. 102 (C102)

Rights-based Social Security

- Set minimum standards for the nine branches
 - Minimum percentage of coverage
 - Minimum level of benefits
 - Maximum qualifying period for the entitlement of benefits
 - Minimum duration of benefits

Globally recognised as a reference for the design of rights-based, sound and sustainable social security systems



Pension
provision:
What is a
'tier' ?

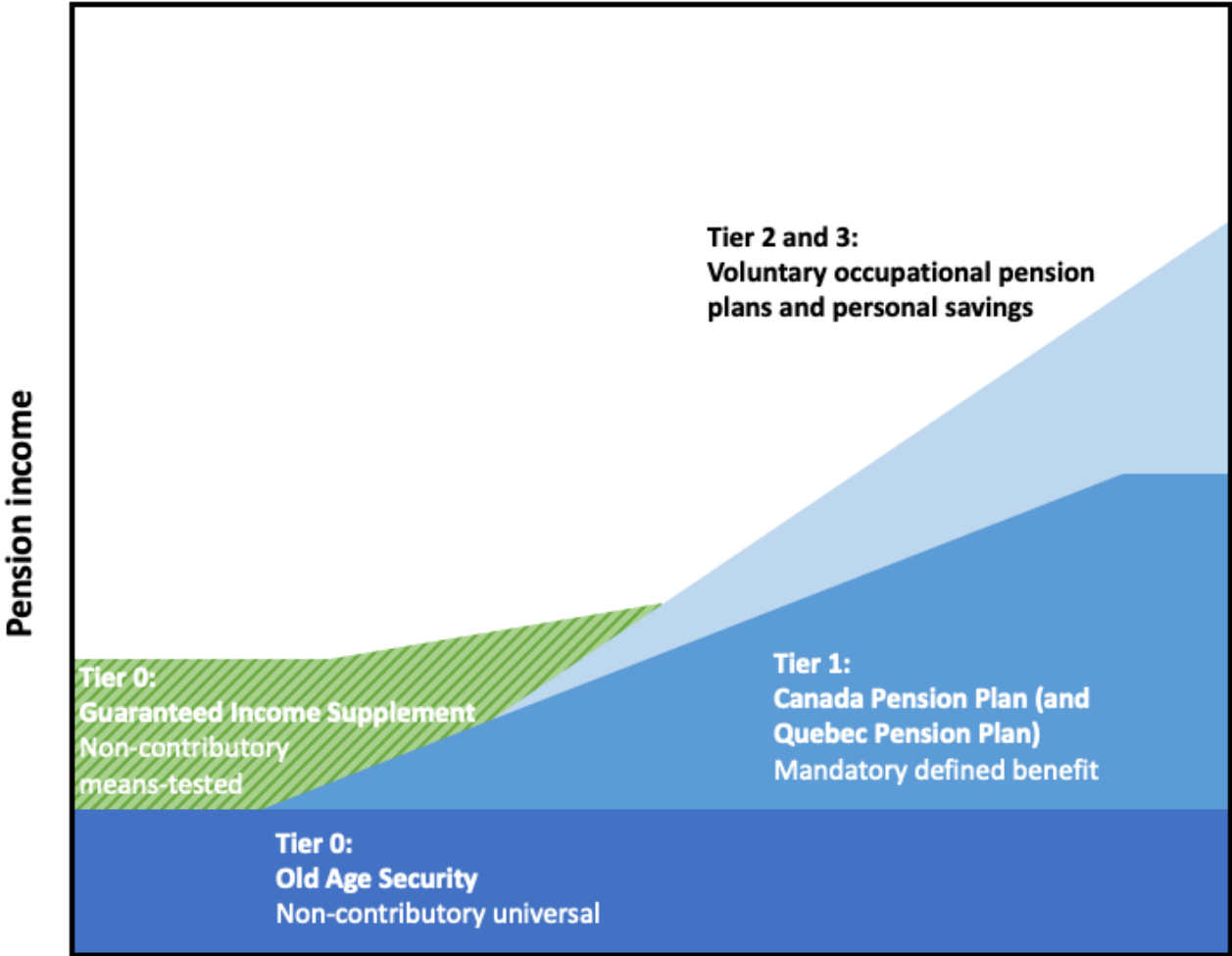
Tier 0: Social Protection (pension) floor

Tier 1: Mandatory Social insurance

Tier 2: Complementary schemes

Tier 3: Voluntary personal savings

Canada



Income Level / Coverage

**What does
this mean in
practice for
platform
workers?**



Employment status of platform workers

BBC

Home News Sport Business Innovation Culture Travel Earth Video Live

Uber drivers are workers not self-employed, Supreme Court rules

20 February 2021

Mary-Ann Russon
Business reporter, BBC News

Share



Workplace Switzerland

Swiss court confirms Uber status as 'employer'



Evidence based policy – ILO work in Malaysia

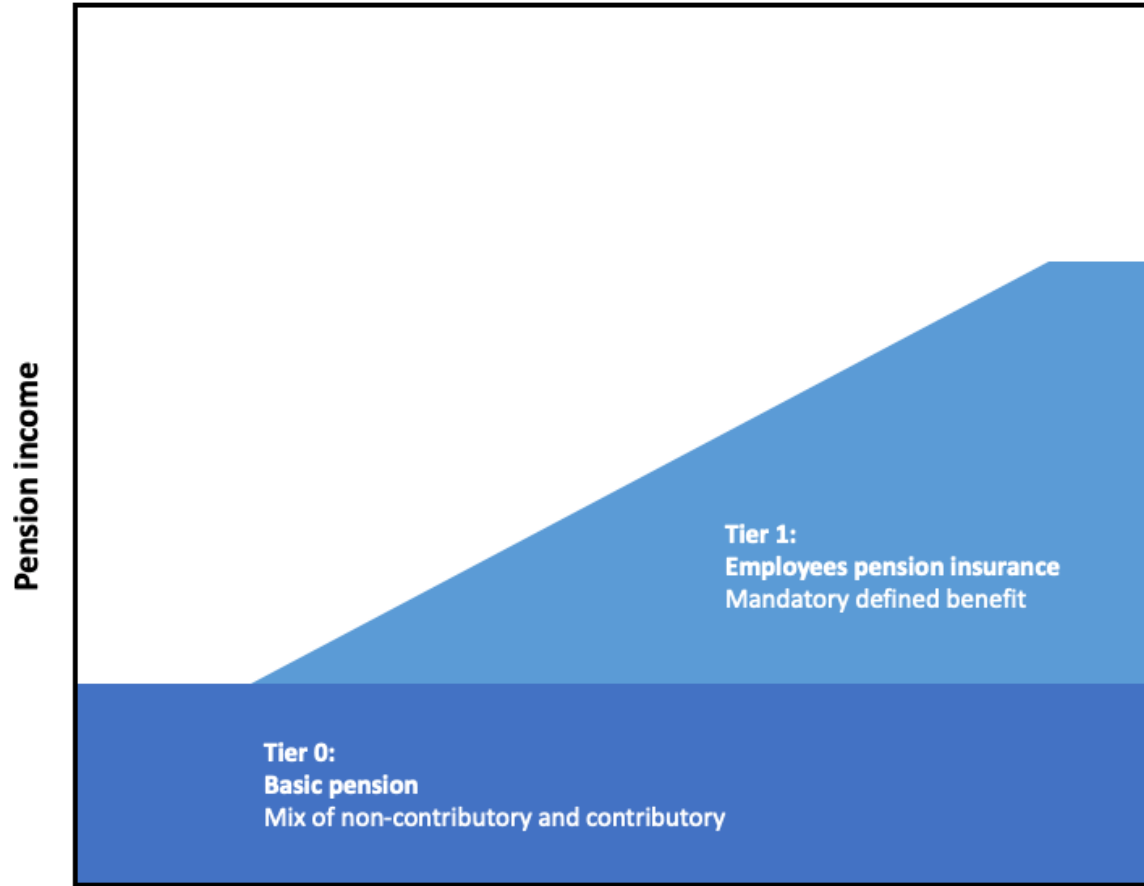
- 54-month project covering actuarial, policy, governance and investment
- ILO carried out the actuarial valuation for the ESSSS and SESSS for Employment Injury and Invalidity and Survivor Branches
- The report includes a section on compliance with ILO Convention 102
- Shows that the **Self-Employed** Social Security Scheme is sustainable



OK for risk benefits – but what
about pension provision for the
self-employed?



Japan



A vision and strategy
for a multi-tier
pension system in
Malaysia ?



► A vision and strategy for a **universal** multi-tier pension system in Malaysia?

- ❖ The most **expensive and challenging benefit** to provide (for the self-employed)
- ❖ A national **pension strategy focusing on multi-tier provision and financing.**
- ❖ Tiers are **consistent, coherent and integrated** to meet multiple aims

Coverage -> Adequacy -> Financing/Sustainability

Recommendations in ILO Pension Analysis report:

- Increase the adequacy of **Tier 0** provision and change eligibility requirements
- Introduce a mandatory earnings-related defined benefit scheme as **Tier 1** to provide the major part of provision and the link from contributions to benefit amounts.
- Parametric reforms to existing EPF provision (**Tier 2**) leaving room *if needed* for an individual voluntary **Tier 3**

Social protection at a crossroads?

- ▶ **Universal and adequate** social protection is consistent with Malaysia's national strategy of economic growth and social development
- ▶ Builds human capital and **increases productivity** – essential for Malaysia's ageing population
- ▶ **Coverage and adequacy** gaps must be closed through appropriate reforms
- ▶ Universal system will include workers in all types and statuses of employment
- ▶ Investing in universal social protection is the **rational choice** for a better future for Malaysia

Advancing social justice, promoting decent work

Many countries have arrived **at a crossroads**: now is the time to pursue a "high-road" strategy towards universal social protection.

Neglecting social protection systems through:

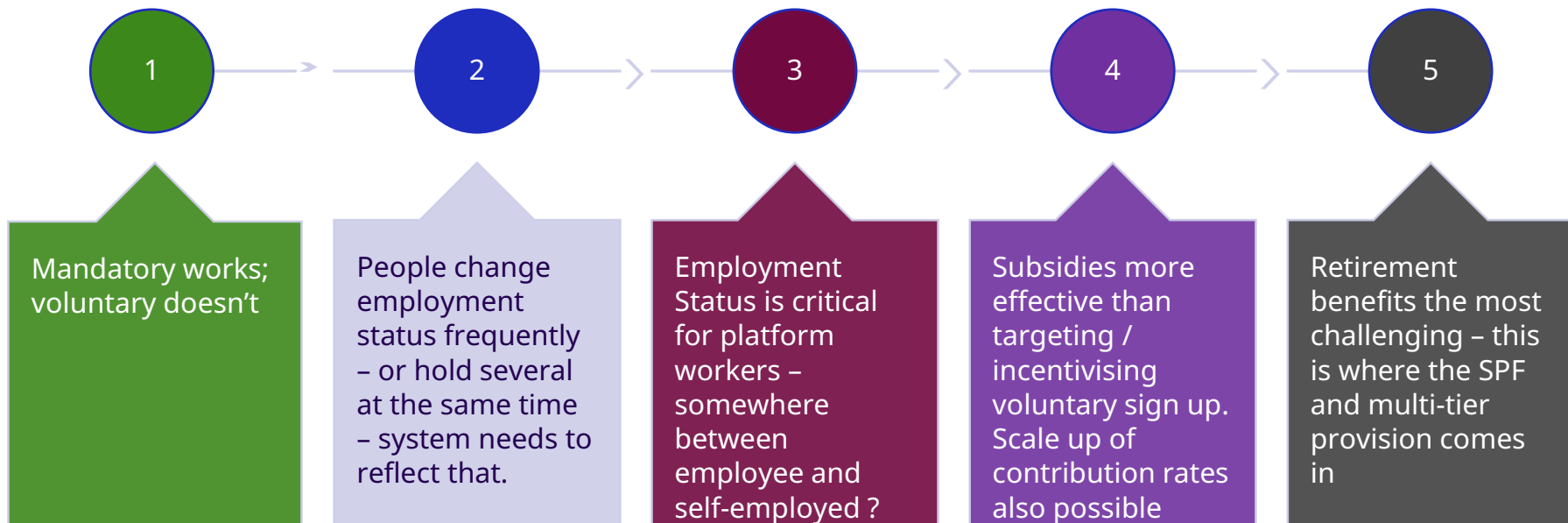
-  Underinvestment
-  Austerity and undue fiscal consolidation
-  Minimal benefits insufficient to ensure a dignified life
-  Weak coordination with labour market, employment and other relevant policies
-  Persistent large coverage gaps in social protection

HIGH ROAD

Strengthening social protection systems requires:

-  Universal coverage
-  Adequate benefit levels
-  A comprehensive range of benefits
-  Sustainably financed systems
-  Provision that is rights-based and inclusive
-  Adaptation to developments in the world of work

Takeaways





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Q & A