Social security coverage extension in the BRICS

A comparative study on the extension of coverage in Brazil, the Russian Federation, India, China and South Africa
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International Social Security Association
Geneva, 2013
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Acknowledgements
This report has been produced under the auspices of the BRICS Steering Committee. While our special thanks should be extended to the following researchers and officials who have contributed to different chapters, the contents however do not necessarily reflect the opinions of their respective institutions.

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Chapter 6: Conclusion: A comparative study on the extension of coverage in Brazil, the Russian Federation, India, China and South Africa
Simon Brimblecombe
Project Coordinator, Policy and Research Unit, International Social Security Association
Abbreviations and acronyms

AABY  Aam Admi Bima Yojana (India)
AIDS  acquired immune deficiency syndrome
ANS  Agência Nacional de Saúde Suplementar (National Agency for Supplementary Health Care) (Brazil)
ART  antiretroviral therapy
BPC  Benefício de Prestação Continuada (Continuous Cash Benefit) (Brazil)
BRL  Brazilian Real
CAPS  Caixas de Aposentadorias e Pensões (Pension and Retirement Funds) (Brazil)
CBHI  community-based health insurance
CCT  conditional cash transfer
CGHS  Central Government Health Scheme (India)
CIS  Commonwealth of Independent States
CNY  Chinese Yuan
CPI  Consumer Price Index
CRAS  Centro de Referência de Assistência Social (Referral Centre for Social Assistance (Brazil)
DB  defined benefit
DC  defined contribution
EA  enterprise annuity (China)
EP  employed persons
EPF(O)  Employees' Provident Fund (Organization) (India)
EPS  Employees' Pension Scheme (India)
ESI(C)  Employees' State Insurance (Corporation) (India)
GDP  gross domestic product
GHSi  Global Health Strategies Initiatives
HDI  Human Development Index
IAPS  Institutos de Aposentadorias e Pensões (Retirement Pension Institutes) (Brazil)
IBGE  Instituto Brasileiro de Geografia e Estatística
ICROP  Integrated Community Registrations Outreach Programme (South Africa)
ICT  information and communications technologies
ID  identification
IDSUS  SUS performance index (Brazil)
IGNOAPS  Indira Gandhi National Old Age Pension Scheme (India)
IIMPSL  Invest India Micro Pension Services Limited (India)
ILO  International Labour Office/Organization
IMF  International Monetary Fund
INCS  International Conference of Labour Statisticians
INPS  Instituto Nacional de Previdência Social (National Institute of Social Welfare) (Brazil)
INR  Indian Rupee
INSS  Instituto Nacional do Seguro Social (National Institute for Social Security) (Brazil)
IPEA  Instituto de Pesquisa Economica Aplicada (Brazil)
IRDA  Insurance Regulation Development Authority (India)
IRKS  individual (personal) registration system (Russian Federation)
ISSA  International Social Security Association
LIC  Life Insurance Corporation (India)
MCA  Ministry of Civil Affairs (China)
MDMS  Mid Day meal Scheme (India)
MDS  Ministry of Social Development (Brazil)
MFI  microfinance institution
MHI  mandatory (compulsory) health insurance
MLA  Member of the Legislative Assembly (India)
MOF  Ministry of Finance (China)
MOH  Ministry of Health (China)
MOHRSS  Ministry of Human Resources and Social Security (China)
MOLSS  Ministry of Labour and Social Security (China)
MOSPI  Ministry of Statistics and Programme Implementation (India)
MPS  Ministry of Social Welfare (Brazil)
NBS  National Bureau of Statistics (China)
NCEUS  National Commission for Enterprises in the Unorganised Sector (India)
NCSSF  National Council of Social Security Fund (China)
NDC  notional defined contribution
NFSB  National Food Security Bill (India)
NGO  non-governmental organization
NHI  National Health Insurance (South Africa)
NOAPS  National Old Age Pension Scheme (India)
NPF  National Pension Scheme (India)
NRCMS  New Rural Cooperative Medical Scheme (China)
NSS  National Sample Survey (India)
NSSF  National Social Security Fund (China)
OECD  Organisation for Economic Co-operation and Development
OSS  Orçamento de Seguridade Social (Social Security Budget) (Brazil)
PAT  Programa de Alimentação do Trabalhador (Workers Food Programme) (Brazil)
PAYG  pay as you go
PBF  Programa Bolsa Família (Brazil)
PETI  Programa de Erradicação do Trabalho Infantil (Programme for the Eradication of Child Labour) (Brazil)
PFRDA  Pension Fund Regulatory and Development Authority (India)
PPP  purchasing power parity
RAF  Road Accident Fund (South Africa)
RSBY  Rashtriya Swasthya Bima Yojana (India)
RUR  Russian Rouble
RVPS  Rajasthan Vishwakarma Pension Scheme
SASSA  South African Social Security Agency
SCIO  State Council Information Office (China)
SEWA  Self-Employed Women's Association (India)
SFPC  State Family Planning Commission (China)
SHG  self-help group
SME  small and medium-sized enterprise(s)
SOE  state-owned enterprise
SUS  Sistema Único de Saúde (Single Health System) (Brazil)
TCU  Tribunal de Contas de União (Accountability Court of the Union) (Brazil)
TFR  total fertility rate
TPDS  Target Public Distribution System (India)
UEBMIS  Urban Employees Basic Medical Insurance Scheme (China)
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>UI</td>
<td>unemployment insurance</td>
</tr>
<tr>
<td>UIDAI</td>
<td>Unique Identification Authority of India</td>
</tr>
<tr>
<td>UIF</td>
<td>Unemployment Insurance Fund (South Africa)</td>
</tr>
<tr>
<td>UN-DESA</td>
<td>United Nations Department of Economic and Social Affairs</td>
</tr>
<tr>
<td>URBMIS</td>
<td>Urban Residents Basic Medical Insurance Scheme (China)</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>UTI-AMC</td>
<td>UTI Asset Management Company (India)</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
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<td>ZAR</td>
<td>South African Rand</td>
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Foreword

The BRICS

The acronym “BRIC” stands for Brazil, the Russian Federation, India and China. It was first coined in 2001 by Jim O’Neill, then Head of Global Economic Research at Goldman Sachs, to refer to what he predicted would be the four fastest growing emerging economies. “BRIC” became “BRICS” in late 2011 when South Africa was invited to join the group. In March 2012, the fourth BRICS summit was convened in India, following the first in the Russian Federation in 2009, the second in Brazil in 2010, and the third in China in 2011. The next summit is scheduled to take place in South Africa in 2013.

In the late 20th and early 21st centuries the five countries have all gone through major institutional transitions, as well as changes in their economic structure. In the 1950s, most had economies based on a centrally planned model or with a significant role for the State. “Later on, in all these countries, inward oriented and more or less centrally planned development strategies from the 1950s to the 1970s were replaced by gradual integration in the global economy in the 1980s and 1990s” (Cassiolato and Lundvall, 2005).

Varying country profiles but common challenges

As shown in the this report each of the BRICS countries has a unique profile. The share of urban population ranges from 30 per cent in India to 87 per cent in Brazil; the mean years of schooling from 4.4 years in India to 9.8 years in the Russian Federation; the unemployment rate from less than 3 per cent in India to around 25 per cent in South Africa; and 2011 per capita gross domestic product (GDP) in terms of purchasing power parity (PPP) from USD 5,432 in India to nearly USD 13,000 in the Russian Federation. However, the five countries are facing some common challenges with regard to ageing of their populations, urbanization, vulnerability to environmental shocks, increasing labour market fragmentation, growing income disparity, and the need to more fully exploit and leverage information and communications technologies (ICT). In general, the BRICS countries’ global rankings according to the Human Development Index (HDI) – which measures the average achievements in a country in terms of a long and healthy life, access to knowledge and a decent standard of living – remained low among 187 countries in 2011, ranging from No. 134 for India to No. 66 for the Russian Federation.

Growing economic and political clout

Accounting for over 40 per cent of the global population, nearly 30 per cent of the land mass and a share in world GDP in terms of PPP that increased from 16 per cent in 2000 to nearly 25 per cent in 2010 (Government of India, 2012), the BRICS countries have gained increasing international prominence due to their rapid economic growth and corresponding rise in political status.

In terms of economic growth, for instance, the average annual GDP growth of the BRICS countries exceeded 8 per cent in the first decade of this century, significantly higher than the average of 2.6 per cent in developed countries and the global average of 4.1 per cent over the same period. According to the International Monetary Fund (IMF), the contribution to global economic growth by the BRICS countries (in terms of PPP) rose from 13.1 per cent in 2000 to over 60 per cent in 2010, while that of developed economies decreased from 76.6 per cent in 2000 to about 30 per cent in 2010 (Lin and Zhou, 2011). From 2001 to 2010, the total trade among BRICS countries increased on average at an annual rate of 28 per cent, reaching USD 239 billion in 2010 (Titarenko, 2012).
By 2015, the BRICS share of global GDP is likely to surpass 40 per cent (Dmitriev, 2012) and by 2030 the cumulative BRICS GDP is expected to exceed that of the G8 major industrialized countries (Kokotsis, 2012).

In terms of geopolitical importance, all five countries are members of the G20. The Russian Federation (which is also a member of the G8) and China are both permanent members of the United Nations Security Council. Recent years have witnessed a shift in the focus of multilateral financial institutions such as the IMF to give the BRICS a substantial role in decision-making. More importantly, the current transition of BRICS countries from recipient to donor status has helped maintain the level of spending on foreign assistance and global health programmes in the context of reduced aid spending by major donor nations due to the economic and financial crisis, and has contributed to the establishment of new models of cooperation that may challenge traditional thinking about foreign assistance. It is estimated that the average annual growth in the BRICS’ foreign assistance spending between 2005 and 2010 was more than ten times higher than that of the G7 (GHSi, 2012).

Why a BRICS social security comparative study?

As new drivers of global economic growth and major geopolitical players, the BRICS countries are also becoming more well-known for their substantial commitments to social protection and the remarkable extension of social security coverage. While the expansion of social security used to take place mainly in developed countries, the past two decades have witnessed major developments and innovations in emerging economies, particularly in BRICS countries.

Among such examples are the National Rural Employment Guarantee Scheme and the Rashtriya Swasthya Bima Yojana health insurance scheme for the informal sector in India; a rights-based approach to social security in South Africa, whose Government launched in 2012 an ambitious universal health insurance programme; and the Programa Bolsa Família, a conditional cash transfer (CCT) programme implemented in Brazil, where the population classified as “middle class” grew from 38 per cent in 2001 to 55 per cent in 2011.

China too has made important breakthroughs in the extension of social security coverage. For example, the coverage rate for health insurance rose from 318 million people (24 per cent of the population) in 2005 to 1.26 billion people (94 per cent of the population) in 2010, an average monthly increase of nearly 16 million people in five years.

The Russian Federation is tackling the challenges of improving the adequacy and sustainability of social security schemes, curbing the shrinking of coverage and enhancing social protection for migrants and informal-sector workers.

In spite of different cultural, political and socio-economic backgrounds, the BRICS countries share common challenges in enhancing social protection for their populations. These include an ageing of the population; relatively high official and hidden unemployment (especially among unskilled workers); uneven regional development; large income gaps between various social groups; fragmentation of social security schemes and barriers to portability of social security benefits; weak grass-roots/frontline social security infrastructure; gaps in the utilization of information and communications technology; coordination of social security programmes with other social policies and programmes; and the need to extend protection to informal-sector and migrant workers. The expectations of the population are also evolving, leading to increased demands for higher benefits and better services – which in turn requires administrations to address the long-term social and financial sustainability of programmes.
The first annual BRICS Health Ministers Meeting was held in July 2011 in Beijing, where the
Beijing Declaration was issued to emphasize the importance of collaboration and innovation in
public health across the BRICS and with other countries. The BRICS State leaders directed through
the Delhi Declaration issued at the fourth BRICS summit in 2012 that in view of a number of
similar public health challenges including universal access to health services, the BRICS Health
Ministers Meetings should be “institutionalized in order to address these common challenges in the
most cost-effective, equitable and sustainable manner”. Among the five countries, Brazil is the only
country which has ratified the International Labour Organization (ILO) Social Security (Minimum
Standards) Convention, 1952 (No. 102), and the Government of the Russian Federation has recently
announced its plan to do so in the near future.

In view of these significant trends, the International Social Security Association (ISSA) Secretariat
has launched a project on social security developments in the BRICS countries, with special
emphasis on the extension of coverage.

**Objective and major outcomes**

The overall objective of this project is to promote the implementation of the ISSA strategy for the
extension of social security coverage launched at the 2010 World Social Security Forum in Cape
Town, and thereby assist ISSA member institutions in the BRICS and other countries in their efforts
to extend coverage in both qualitative and quantitative terms. Key outputs include:

- a comparative study on progress made in the extension of coverage in the BRICS countries,
  with a focus on innovations that measurably extend and improve coverage, the role of
  administration and how administrative challenges were overcome;
- an observatory of social security coverage extension in the BRICS countries on the ISSA
  Web portal; and
- the development of platforms for knowledge sharing and transfer, within and outside ISSA and
  through both bilateral and multilateral arrangements, where social security administrators,
  policy-makers and researchers from the BRICS countries can learn directly from each other,
  and inform and catalyse developments in other parts of the world.

We believe that the findings of this comparative study will provide an important input into the ISSA
series of handbooks on extension of coverage to difficult-to-cover groups. It highlights common
barriers to increasing coverage and pragmatic and innovative policies and administrative responses
to address these.

We hope that the results of the study and subsequent activities under the project will prove a valuable
information source for all countries sharing the BRICS commitment to extending social security
coverage and providing social protection for all.

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Bibliography


