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INTERNATIONAL SOCIAL SECURITY ASSOCIATION

DEVELOPMENTS & TRENDS

# Europe:

Enhancing the sustainability  
of comprehensive  
social security systems



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## **DEVELOPMENTS AND TRENDS**

International Social Security Association  
Geneva, 2013

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# Preface

This Developments and Trends report has been prepared to mark the occasion of the second Regional Social Security Forum for Europe, organized by the International Social Security Association (ISSA), hosted by the Social Security Institution of Turkey and held in Istanbul, Turkey from 28 to 30 May 2013. This regional report for Europe supports continuing endeavours to better understand and address the key challenges facing ISSA member organizations in the different regions of the world.

The first Developments and Trends regional report presented at the regional Forum for Europe in Warsaw in March 2010, together with the issues identified in the 2010 Developments and Trends global report prepared for the World Social Security Forum in Cape Town, confirmed Dynamic Social Security as a vital element in ensuring social cohesion and facilitating economic development. A key message was that to meet demands for benefits and services to be tailored more fully to people's needs required continuing improvements in the administrative performance of social security agencies. The current complex challenges created by economic uncertainty, high levels of unemployment, demographic ageing and budgetary constraint have pushed the bar higher in this regard for Europe. In spite of this, and as this second regional report for Europe shows, the track record of the region's social security administrations is a positive one.

This report identifies four main issues for discussion: the significant continuing impacts of the crisis and social security's evolving responses and roles as regards these; the greater alignment of social security and employment policies to achieve more coherent outcomes; push and

pull factors contributing to a heightened role for proactive and preventive approaches to social security; and three trends contributing to the achievement of administrative excellence. These issues reflect the practical challenges faced by the region's social security administrations and highlight the innovative responses put in place to address them. The choice of these issues helps direct the ISSA's regional network for the countries of Europe in its efforts to build an expert platform for regional cooperation and the exchange of technical knowledge. The ISSA European Network represents the true essence and force of the ISSA: an effective platform to foster active cooperation among member organizations in their objective to develop and promote social security.

The purpose of this report is twofold: first, to synthesize and interpret some of the most important recent developments and trends in the region and, second, to provide the key background document for the Developments and Trends Session of the Regional Social Security Forum for Europe. Developments and trends in the region provide important signposts for social security administrations around the world. The discussions during the Regional Forum will provide an opportunity for all of us to build on the findings of this report and to debate its messages. I hope that this report will serve as an inspiring stimulus for our discussions and encourage you all to contribute actively, before, during and after the Regional Social Security Forum for Europe in Istanbul. The outcome of these discussions will be carried forward to the World Social Security Forum to be held in Doha, Qatar, from 10 to 15 November 2013.

*Hans-Horst Konkolewsky*  
Secretary General



## CHAPTER 1

# Introduction

This Developments and Trends report for Europe discusses four distinct but interdependent topics observed in the region in the last three years.<sup>1</sup> Despite sometimes important variations in the economic, social and demographic context and in the institutional design of social security systems across the region's countries (see Appendix), these topics reflect the important challenges and opportunities for social security administrations as they work towards the fuller realization of administrative excellence.

The four topics addressed are:

- The impacts and challenges of the extended economic downturn in Europe on the roles and capacities of social security administrations;
- The centrality of aligning social security and labour market policies for achieving coherent national policy goals;
- The necessity of realizing a more effective and sustainable mix of the protective, proactive and preventive roles of social security systems;
- Specific measures to help social security administrations achieve administrative excellence.

A specificity of this report is that a cross-cutting theme runs through all four topics – the “crisis”. Although the term “crisis” does not satisfactorily describe the complex, enduring and, for some countries in particular, very difficult context in which Europe's social security systems are operating, its lasting and evolving impacts cannot

be avoided. The shadow of the crisis is apparent in two distinct ways for many of the region's social security systems: first, it has influenced the responses required to address the increasingly complex needs resulting from the financial crisis of 2008–2009; second, social security systems have had to adapt and transform their operating methods, often in innovative ways, to respond to the evolving needs of European populations and their increasing expectations for quality public services.

The next chapter of this report (chapter 2) starts by setting the context as regards Europe's continuing and often very deep economic difficulties. It demonstrates that not only are the short-term impacts significant for social security systems, but that these effects have compounded and brought to the fore a number of longer-term structural issues requiring policy responses. More specifically, for many countries, the recent period has borne witness to challenges such as reductions in contribution income and tax and investment revenues alongside a heightened and evolving demand for benefits and services from covered populations. These are combining with longer-term challenges such as population ageing, the increasing cost of health and long-term care provisions, mismatches between worker skills and employers' workforce requirements and changes in family structures. Reforms in response to these important longer-term issues are increasingly being taken with an eye to the short-term constraints thrown up by the crisis.

1. For the ISSA, the region of Europe is a broad geographic entity, equivalent to the International Labour Organization's Europe and Central Asia Region.



An issue of great concern is unemployment. Many European countries are confronted, on the one hand, by stubbornly high rates of long-term unemployment and, on the other hand, by unprecedented – in some cases, catastrophic – levels of youth unemployment. Noting that the crisis has exacerbated this longer-term structural issue, chapter 3 highlights innovative responses to what has become in a number of countries a front-burner social and economic issue. In the area of employment, social security systems are increasingly working with other stakeholders to ensure that responses, in addition to offering protection against economic insecurity, take into account proactive and preventive measures to support people to return to work and access vocational (re)training.

Indeed, the present difficult environment may have prompted a positive effect in forcing social security administrations to reappraise their performances. For

many social security administrations, with the financial purse strings now pulled tighter and, yet, being confronted by new policy and organizational challenges and heightened demand to address income poverty and social insecurity, the overall message is that further change is required. The questions being asked are: what are the changing roles and objectives of social security systems and, perhaps more important, how should these be achieved in an efficient and cost-effective way? These are issues highlighted particularly in chapters 4 and 5.

Chapter 4 reflects the increasing recognition, which has been further reinforced by the impacts of the crisis, that it is unsatisfactory to view social security benefits and services as simply reactive “after-the-event” responses to risk events: social security systems have always been more than reactive; they equally encapsulate proactive and preventive roles too. The realization is that all these embedded roles need to be given much higher

### 1.1. Key facts and figures on Europe

- In 2010, the population of the ISSA Europe region was close to 800 million. Over two-thirds of Europeans live in urban areas, with this number projected to grow slowly over the coming decades.
- In 2010, over 20 per cent of Europe’s population was aged 60 or older. By 2030, this will rise to nearly 30 per cent. In Western Europe, the world’s oldest region, the respective figures are over 24 per cent and over 32 per cent. In 2010, 4.2 per cent of the European population was aged 80 or older (ESA, 2012).
- Coverage levels for social security and health care are generally considered to be universal. Policy concerns for social security benefits in particular relate to questions of the adequacy of provisions and growing levels of income inequality and poverty in some European countries.
- On average, the countries of Western Europe spend around 25 per cent of GDP on public social security, of which the majority, around 18 per cent, goes to cash benefit programmes and the remainder to health. The respective figures for the countries of the Commonwealth of Independent States are around 14 per cent of GDP, with 10 per cent for cash benefit programmes and the remainder for health (ILO, 2010, p. 258).
- In some European OECD countries, levels of total social spending as a proportion of GDP increased between 2007 and 2012, with expenditure in many reaching a peak in 2009. In most of these countries, expenditure has risen at least by 6 per cent. Part of the explanation for this growth has been a fall in GDP growth combined with higher demand for unemployment benefits. In only two European OECD countries has real social spending dropped: in Greece by 14 per cent and in Hungary by 13 per cent (OECD, 2012).
- In the Euro area, total employment is 3.5 million lower than before the crisis (ILO, 2012b), with close to 19 million people officially unemployed. The long-term unemployed (i.e. those unemployed and looking for work for 12 months or more) account for 42 per cent of the jobless (EU Observer, 2013). Some countries in Central and Eastern Europe (non-EU) and the Commonwealth of Independent States have reduced unemployment, but rates often still remain in double figures (ILO, 2013a). Some 12.7 per cent of all young people (aged 15 to 24) in Europe are currently neither employed nor in education or training (ILO, 2013b).

emphasis and be pursued in a more balanced and effective manner. The chapter shows that an increasing focus on earlier proactive interventions not only reduces health risks and employment-related risks, but ensures that the magnitude and consequences of such events is diminished when they occur. The increasing evidence of the measurable positive impacts of such activity – what the ISSA refers to as the “return on prevention” – in relation to work injury prevention, return-to-work programmes, healthy workplaces and, indeed, supporting healthier lifestyles indicates a greater political awareness and acceptance for the fuller and more coherent application of social security system’s protective, proactive and preventive roles.

Finally, increasing scrutiny as regards the roles played and the measurable goals achieved by social security systems is a natural consequence of the current difficult economic juncture facing much of Europe. Public expectations for service quality have risen, and the influence and speed of different media is reinforcing this pressure. Chapter five draws attention to the need for social security administrations to “do more with less”, highlighting specific examples in the use of e-services, organizational restructuring, and greater coordination and, sometimes, the integration of public agencies. As one element of endeavours to offer quality services and satisfy public expectations, attempts to empower and better inform populations are increasingly witnessed. Implicitly, these measures are also a reflection of a rebalancing of public–private risk bearing and a requirement for individuals to take greater responsibility for managing risk across the life cycle. Turkey’s recently introduced incentives to promote greater individual savings in complementary pension plans is but one example. In seeking to empower people, the challenge is to ensure that all necessary information is provided and social security systems remain accessible to all populations using appropriately resourced service delivery platforms that meet the varied needs of all clients.

This report offers an inventory of the current state of social security in Europe at a particularly difficult time for many countries. Although the economic, financing, labour market and demographic conditions are challenging, this report shows that social security

administrations in the Europe region remain dynamic and are capable of positive and effective responses. Above all, and in spite of the often unprecedented challenges, the developments and trends of the recent period reveal that much effort has been expended on the vital aims of safeguarding the comprehensiveness and sustainability of European social security systems and supporting higher levels of activity with the aim of building more socially and economically inclusive societies.



# The crisis and social security: Significant impacts and evolving responses and roles

When talking of the crisis in the context of Europe, we are concerned not with the precise events of late 2008 and immediately thereafter, but with a dynamic and enduring economic downturn, the exit from which remains difficult to predict. In this context, national social security systems continue to be affected negatively, albeit in a non-uniform manner, owing to the varied influences and impacts of shorter- and longer-term factors. Generally, these factors have contributed to a weakening of the financial health of social security systems and heightened the difficulty for these systems to achieve fully their objectives. Reforms undertaken, sometimes as a part of austerity measures (driven either by requirements to satisfy conditions for European Union (EU) fiscal stability or, in a more general sense, to reduce sovereign debt levels in response to market pressures), have shaken public expectations about the roles of social security systems and the ability of these to meet their objectives.

But as this chapter shows, the impact of the crisis has forced a reassessment of the roles of social security systems and how they can be most effective when carrying these out. With an innovative and intelligent use of proactive and preventive measures, a greater tailoring of responses and a broader consideration of what adequacy represents, social security administrations have been able to move away from what was traditionally considered as a simple trade-off between providing adequate benefits and long-term sustainability.

Although the crisis and the ongoing economic recession in much of the region impact social security systems and administrations in different ways, four areas where the effects are most felt can be identified.

### *Increasing demands on social security programmes*

Most obviously, this includes increases in unemployment benefit payments but also increases in retirement benefit payments, particularly early retirement benefits, and greater health spending demands as the downturn has influenced health levels in a number of European countries. Where benefits are means-tested, payment amounts have increased significantly reflecting an increasing need for income support benefits and services, often as a result of a fall in other sources of benefits, such as voluntary pension plans, and downward pressure on wage income.

### *Fall in contribution revenues*

Most social security programmes in Europe are financed at least partially through salary-based contributions. A reduction in employment levels and a stagnation or fall in real wages depreciates the value of contribution income and thus the resources available.

### *A change in the nature of beneficiaries*

In many countries in Europe mental health problems have been on the rise and the crisis has influenced this trend further. This is particularly marked amongst the younger and, increasingly so, female population, which

requires specific skills and more tailored responses from social security administrations, including case management. In Switzerland, around 50 per cent of all new disability cases are mental health-related; in the United Kingdom it was estimated that the crisis has been directly responsible for 10 per cent of workers seeking doctor referrals. Another impact has been the move from full-time to part-time or temporary work, requiring a tailored response from social security programmes in respect of unemployment benefits.

#### *Other administrative and management pressures*

Other operational pressures affecting European social security systems include the challenge of managing reserve funds (Box 2.1.), heightened pressures on maintaining adequate staffing levels and in managing staff workloads, and working round cuts in social security administration staff training budgets. In the pursuit of cost savings and improvements in the transparency and quality of service delivery to clients, greater consideration may be given also to the restructuring and streamlining of social security administrations and delivery channels.

#### **Implications for social security administration design**

Despite these negative impacts leading to a difficult operating environment for administrations, in the current dynamic European context it is important to reiterate that comprehensive social security systems have acted to mitigate the adverse effects of the crisis and, in many countries, have had a positive bearing on external factors too – especially by supporting employment levels, for example, through partial

unemployment programmes and supporting youth employment. However, and with no early foreseeable exit from the economic downturn and with the compounding negative influences of population ageing, fiscal constraint and other factors, some social security administrations may yet be confronted with having to implement policy reforms that demand difficult trade-offs between better securing the financial sustainability of social security systems and offering adequate social security benefits and services. If attitudes towards, and trust in, social security are weakened, front-office social security administrators are likely to be those most confronted with public disapprobation. The necessity of realizing excellence in social security administration may never have been more challenging.

But it would be wrong to think that these pressures result solely from the impacts of the crisis. Concerns about the sustainable financing of European social security systems predate the events of 2008. The major longer-term concern for European social security was, and remains, the cost and wider implications of demographic ageing. With low fertility rates and increasing life expectancy leading to rising expenditure on social security, health care and long-term care provisions, it is accepted that one important objective for European social security is the need to keep older workers active and healthy for longer, to support the financial sustainability of systems. These objectives are reflected through legislative reforms, such as increasing the statutory retirement age (e.g. Azerbaijan, Italy, Slovenia) and equalizing upwards the retirement ages of women with those of men (e.g. Slovakia, Ukraine). Moreover, the value of benefits can be

### 2.1. Impact on reserve funds

In anticipation of further population ageing in the Europe region, the cornerstone of social security financing policy in many countries is the partial pre-funding of benefits through reserve funds. These funds, set up to cushion the negative impacts of future demographic changes, are particularly sensitive to economic downturns with reserve funds impacted through a fall in the value of assets held. The ISSA Reserve Fund Monitor has highlighted these impacts and on the basis of different approaches to risk management suggests paths to possibly reduce future adverse impacts. Social security administrations are increasingly monitoring reserve fund performance and have put in place a number of measures to diversify assets held, better manage risk, and improve the information available to enable the active management of portfolios to respond to the present crisis and to position themselves to better anticipate and mitigate the effects of future ones.

reduced (e.g. Austria, Bulgaria, Czech Republic, Estonia, France, Greece, Luxembourg, Monaco), eligibility requirements made stricter (e.g. Denmark, France), and automatic adjustments to benefits linked to population ageing (e.g. Finland, Germany, Latvia, Poland, Sweden).

A well-designed policy strategy should result in an increase in the effective age at which European workers exit the workforce. Needed is a coordinated cross-sectoral policy approach to positively influence the attitudes of older workers and of employers, to adjust the workplace and job roles to the needs of older workers, to offer the possibility of training and skills enhancement across the life course and to adapt occupational safety and health strategies.

However with labour markets remaining morose and unemployment rates stubbornly high, and expected to remain as such in the medium term at the very least, the policy options available to help support the financial health of social security, and to do so in a manner that protects the adequacy of provision, would appear to have narrowed. With cost-saving reform increasingly on the policy menu, the pressures placed on social security administrations to “do more with less”, and to do so without letting service quality fall, have grown.

### **Social security since the “crisis”**

The crisis has ensured that the issue of the long-term financial challenges facing European social security has been pushed further up the policy agenda. For social security administrations, the difficult environment in Europe is feeding greater uncertainty about the future path of social security policy and the appropriate direction of institutional reform, as well as uncertainty about the availability of sufficient resources to deliver adequate benefits and services. One concern is that lower benefit levels will feed higher levels of income inequality in Europe, inequality that – despite the intervening role of social security – has grown in some countries as a result of crisis-driven job losses and wage cuts. In helping to address this, and to complement social security benefits, national minimum wage and tax policies can have an important role. As a further concern, early evidence suggests that the crisis in Europe is impacting on the population’s well-being and health, an impact compounded by the first fall in health-care spending in

much of Europe since 1975. These cutbacks are typically impacting populations in countries facing the strictest austerity policies, paradoxically utilizing less health services than those in other countries despite a greater need (e.g. Estonia, Ireland, Greece).

The last three years have seen a number of reform measures taken, not least to respond to longer-term trends and changes in the demographic and social environment and more immediate fiscal pressures heightened by the crisis. The danger is that significant reforms (e.g. raising the retirement age) are being made without the coherent development of a necessary cross-sectoral policy strategy (e.g. employment, return-to-work, and occupational safety and health policies to support employment among older workers), and without a fuller national debate involving all relevant social partners and stakeholders about the likelihood of necessary further reform. As regards the latter, as the contrasting evidence of pension reform and re-reform in Hungary and Poland underlines, consensus in support of reform is more likely to be achieved by means of an inclusive national debate (Fultz, 2012, pp. 20-21).

In some areas, however, the debate is more coherent. In the years since 2008, the fundamental protective, proactive and preventive roles played by social security systems in Europe have come to be more fully understood by policy-makers. During the height of the crisis, many social security programmes were seen as having not only prevented higher levels of unemployment, avoided lay-offs and mitigated vulnerabilities – many of which are tied closely with low or reduced incomes – but having supported household consumption and thus economic activity more generally. More than before, social security came to be feted as an essential social and economic “shock absorber”, with the realization that the negative impacts of the crisis would have been magnified in its absence (Box 2.2.).

This endorsement of the importance of social security’s role is significant and is leading some governments to look further ahead, to consider how to prevent or reduce the social impacts of future shocks and crises. With this aim in mind, greater emphasis is being given to implementing proactive and preventive policy measures. The

Europe-wide context can be characterized by an overall low average annual rate of GDP growth (projected to be close to zero for 2013), high levels of public debt and worsening public deficits, high levels of adult (and higher youth) unemployment, growing levels of underemployment, population ageing, and more general calls for restraint in public expenditures. In such a context, approaches favouring greater investment in proactive and preventive policy measures may be accepted simply as seeking to make better use of scarce resources.

Policy-makers in many European countries are increasingly considering the appropriate balance in the objectives of social security systems “between preventing insecurity and rescuing people from it” (Sinfield, 2012, p. 7). However, policy measures also reflect an increasingly consensus view that, where possible, individuals should take greater responsibility for managing risk. In social insurance programmes, the closer linking of the value of benefits received to contributions paid is often seen as a mechanism to strengthen this aim by making the accumulation of benefits more transparent and understandable. Notional defined contribution (NDC) schemes (e.g. Italy, Latvia, Sweden) attempt to mirror the operational reality of individual savings plans and fully funded retirement savings plans (e.g. Bulgaria, Croatia, Estonia, Lithuania, the former Yugoslav Republic of Macedonia,

among others) although the nature of this framework generally reduces their scope for redistribution, a core objective of many pension systems. Introducing mechanisms in such systems to ensure wider social objectives in general and redistribution in particular are met is possible, but may lead to a move away from a direct linking of benefits to contributions paid.

### **Adequacy of benefits**

The introduction of NDC systems has acted to feed the debate about the relative adequacy of benefits provided by social security. While it is recognized that providing adequate benefits is important, these are more than a measure of levels of cash income. By approaching the notion of adequacy from a wider perspective, taking into account how the design of benefit programmes may create incentives/disincentives vis-à-vis the manner in which the social security system interrelates with the labour market, family structures, individual needs, and other issues, a case can be made in support of certain trade-offs that, overall, are in the wider interests of the social security system and society (Box 2.3.). In this respect, improving the adequacy of benefits is an effective measure to improve the preventive role of social security programmes – they prevent social insecurity in the short term and mitigate against future risks, both at the individual and societal level.

## **2.2. Social security as a shock absorber**

Many positive impacts of social security programmes have been seen in the region.

Measures have often been introduced to complement measures taken by government:

- Extension of unemployment coverage in a number of countries (including France and Spain) and an increase in the duration of payments (Germany and Italy).
- An increase in pension benefits, either universal or specifically targeted (e.g. in Israel, where pension compensation was given to certain workers nearing retirement whose private pension funds had lost value after 2008, and in the Russian Federation, where benefits were increased substantially from 2009 to 2011).
- To support fiscal restructuring, the redistribution of part or all of contributions from private second pillar pension funds back to the public pay-as-you-go (PAYG) system (Estonia, Hungary and Poland).
- Increase in the administrative capacity of social security systems, such as in Denmark where resources were increased to labour market activities linked to social security, and in the United Kingdom where additional Job Centres were opened in high unemployment areas. Increased resources for case management approaches, as in Greece, can be part of such measures.
- Improvements in ICT services, with the aim of responding more rapidly and offering responses tailored to the needs of individual claimants (Greece and the Russian Federation).

### 2.3. Redefining adequacy

For social security programmes to have a positive impact, adequate benefits need to be provided. The definition of what is an adequate benefit has traditionally relied on the use of one measure – the replacement ratio. Given the multiple aims of social security systems, a multi-variable measure of benefit adequacy is required. This measure should include benefits to society as a whole such as supporting labour market aims and effective integration with other benefit provisions as well as individual aims such as the security of benefits and administrative access. The ISSA project to develop a multi-variable tool seeks to widen the debate on the adequacy of benefits and ultimately the effectiveness of what social security does.

#### Conclusions

The current juncture presents a number of complex challenges for social security administrations in Europe, challenges which must be viewed as being the product of both shorter- and longer-term factors. Accordingly, in the search for conclusions, to place the spotlight on the “crisis” alone would be to oversimplify.

- Although the crisis and population ageing may be the dominant shorter- and longer-term factors influencing the cost of benefits and services and driving reforms, other issues impacting on social security and health care systems include changing trends in epidemiology and evolving social and family structures and behaviour patterns across the life course.
- Taking all factors into account, a key objective for all countries in Europe is to improve the sustainability of comprehensive social security systems. Related to this, for many countries, the current and future adequacy of benefits remains a challenge.
- The heightened requirements for social security administrations to be client-oriented, espouse greater operational transparency, be more cost-effective, and to operate as part of a coherent integrated policy approach, must be viewed positively.
- A lesson of the last years is that European social security administrations must be capable of moving earlier in anticipation of changes to their operating environment. This is essential to the design and delivery of an appropriate balance of protective, proactive and preventive responses with which to mitigate all forms of social insecurity and invest in human capital, including addressing the downside impacts of possible future crises.





## CHAPTER 3

# Social security and employment policies: Aligning objectives for coherent outcomes

Since 2010, there has been an increase in the unemployment rate in nearly two-thirds of European countries and the prediction is for labour market conditions in some countries to deteriorate further through 2013 (ILO, 2012a). In countries such as Greece and Spain unemployment has reached historic highs. Although the scale of unemployment, including youth unemployment, varies across the region, structural unemployment problems have existed in many European countries for a number of decades – which the crisis has served only to exacerbate. Besides, other intervening factors are equally at play, all of which further complicate the operating environment for social security administrations.

Demographic change and an ageing workforce are among the challenges simultaneously confronting the region's social security systems. Another is to accommodate evolving migration flows, such as those from outside of Europe, including movements into the countries of the Commonwealth of Independent States (CIS) from neighbouring states. Other movements are from non-EU countries to EU states. At another level, there is a migration of labour from job-poor to job-rich regions. Many Greek workers, for example, have responded to the severe labour market crisis at home by migrating elsewhere in Europe to find work, to Germany for example (Martin, 2012). Although the jobs crisis has prompted workers from other European countries to move abroad in search of work, for instance from

Spain, the end of EU restrictions on immigration from new EU member States in Eastern and South Eastern Europe is also significant. A further challenge is to recognize that the traditional three-step “study-work-retirement” approach to the life course is changing. There is growing demand for flexibility, for instance to undertake non-remunerated sabbaticals, provide care to family members, and pursue vocational (re)training. In looking to meet such demand, Belgium's unemployment benefit system is notable.

As this chapter shows, the capacities of European social security administrations to address the challenges presented by changing labour market and demographic conditions and evolving attitudes to the life-work balance are enhanced when their actions are in concert with appropriate employment policies. What is required, and is increasingly observed, are appropriate, sometimes innovative and, above all, coherent policy solutions at the highest level. For instance European “flexicurity” approaches, combining benefits, activation services and flexible employment protection legislation, are deemed more effective when using a coordinated approach to social security, employment and education policy.

### **Consistency of social security with employment objectives**

Appropriate social security measures coupled with effective active labour market policies (ALMPs) are essential to help roll back unemployment. When well-designed

and working in unison, the two can kick-start a virtuous spiral of job creation and increased employment. However, in their absence and even in periods of economic recovery, some population groups – i.e. the long-term unemployed – may remain at risk of permanent exclusion from the labour market. The need to focus more on ensuring consistency in social security and employment policy objectives is rendered all the more necessary given that emerging trends in labour markets have weakened the traditional formal linkages between the two. For example, the growth of nonstandard employment arrangements has meant reduced access to employment-based social insurance programmes premised on full-time, permanent jobs (UNRISD, 2012), while increased migrant flows leads to complex work histories and language and cultural barriers.

If the two policy areas work in harmony, it is more likely that the financial situation of social security systems will be strengthened, by increasing contribution income and reducing the demand for some benefits. However, if average labour market wages are low then there is likely

to be demand for social assistance or wage subsidies to top up household income, therefore putting greater demand on tax-financed social security programmes.

Social security organizations in Europe are playing a pivotal role in supporting employment policy and addressing structural difficulties in national labour markets. Stand-out national examples include social security programmes' involvement in partial unemployment schemes, return-to-work programmes, flexible retirement initiatives, the adoption of short-time work, and work-sharing schemes (Box 3.1.). During the current economic downturn, a more concerted approach to returning people to work has been seen in some countries. For instance, Spain launched its "Plan E" stimulus package, which included: orientation and professional training and labour market insertion measures; allowances to hire unemployed workers; increases to unemployment support to enhance self-employment; the enhancement of public employment services; and the promotion of public works (Clasen, Clegg and Kvost, 2012; ISSA, 2010a).

### 3.1. Social security measures to ease labour market challenges

Across Europe, social security systems have managed the reduction in the demand for labour:

- Belgium: Introduced flexible unemployment coverage through its Partial Unemployment Scheme in 2009. This scheme helps prevent layoffs, protects worker incomes and allows companies to adapt to reduced economic activity.
- Czech Republic: Introduced a subsidized short-time working scheme which benefited close to 2 per cent of the Czech workforce in 2009, and is considered to have been significant in preventing unemployment from increasing further.
- Germany: Extended its existing short-time work arrangements (*Kurzarbeit*) from 6 months to 24 months until March 2012. Employers could apply for short-term state assistance to top up the wages of employees who were working fewer hours.

These schemes have proven their worth by helping to:

- Mitigate the impacts of unemployment and soften the impacts of structural labour market difficulties and economic downturn.
- Slow the rate of growth in unemployment.
- Render economies more competitive by permitting the rapid mobilization of a large pool of skilled workers to resume activity when economic demand picks up.
- Reduce the number of workers who risk becoming long-termed unemployed, thus reducing the associated social and economic costs and keeping and improving skills in the labour market.

Sources: Clasen, Clegg and Kvost (2012); ISSA (2010b); ISSA (2011).

A challenge for policy-makers and public administrators is that crisis response measures, which are ostensibly short-term measures, can be insufficient. Therefore, when looking to the challenges facing European labour markets, policies should be formulated with a view to long-term trends (e.g. demography) and long-term structural problems (e.g. skill mismatches). Current levels of unemployment in Europe suggest there is still scope for a greater coordination of social security programmes with ALMPs, not least in reducing the number of cases where social security beneficiaries move from one benefit programme to another to avoid having to seek work. In this regard, a key objective of the root and branch coordinated reform of the United Kingdom benefit system, proposed by the Welfare Reform Act 2012, is to create the right incentives to get more people into permanent work.

### Retirement policy and labour markets

There is increasing recognition that retirement policy must not only respond to the need for retirees to have sufficient income in old age, but should support wider and longer-term labour market goals. To do so, retirement benefit policy has to be consistent with employment objectives and to support the ensuing workplace interventions (Box 3.2.). Aligned with rising life expectancy but taking into account personal work histories and health indicators, these measures seek to encourage older employees to stay in work longer – an important objective in ageing societies with the impending threat of labour shortages in some sectors of the economy. Raising the retirement age, and thus pushing back the age at which benefits can be taken, can also support the financial sustainability of pension systems by encouraging

continuing contributions from insured employment and reducing the duration for which benefits are likely to be paid out on average. In addition, a later retirement age may support efforts to improve benefit adequacy by allowing a longer period of accrual of benefits.

However, a more telling measure of the activity of older workers is the average effective retirement age (Table 3.1.). The effective retirement age – the age at which older workers actually exit the labour force – typically remains lower than legal retirement ages. Although some European countries have seen a rise in the effective retirement age since the 1990s, overall it remains low and reflects a number of factors: incentives/disincentives, older worker's attitudes to work, employer attitudes to retaining or hiring older workers, the additional costs and social charges related to older worker employment, the availability of suitable jobs vis-à-vis the professional skills and competencies and personal capacities of older workers, the legal means available to employers to terminate employment contracts of older workers, etc. For example, in spite of Sweden now having a degree of flexibility in the retirement age, many workers are still required to retire at age 65 despite wishing to work longer because this is when employers continue to terminate their contracts. Nevertheless, the average age at which employees leave the workforce has increased in recent years.

To be more successful, changes to social security retirement measures require broader supporting policy interventions. These include, for instance, more coordination and coherence with employment policy objectives and with entitlements under occupational and private

## 3.2. Aligning policies

Different approaches illustrate how social security systems are addressing changing labour markets and demographic ageing, helping to support pension system sustainability.

- Denmark: Individuals can defer retirement up to age 75.
- Finland: Pension amounts are determined on a higher accrual rate if later retirement is taken.
- Germany: Individuals can defer retirement after the standard retirement age of 67.
- United Kingdom: Deferral of the retirement date is rewarded through a higher pension and/or lump-sum cash payments.
- Sweden: A normal retirement age no longer exists. Rather, workers can retire between ages 61 and 70.

Source: ISSA (2012a).

**Table 3.1. Legal and average effective retirement ages**

Country	Legal retirement age (Male)	Legal retirement age (Female)	Average effective retirement age (Male)	Average effective retirement age (Female)
Austria	65	60	59.1	57.1
Belgium	65	65	63.7	63.7
Bulgaria	63	60	60.5	60.4
Cyprus	65	65	63.4	63.4
Denmark	65	65	65.1	65.1
Estonia	63	61.5	61.0	61.0
Germany	65	65	63.9	63.6
Ireland	66	66	63.5	64.7
Italy	65	60	60.1	59.9
Latvia	62	62	61.1	60.9
Lithuania	63	60	59.6	61.7
Luxembourg	65	65	61.0	59.0
Netherlands	65	65	65.0	65.0
Portugal	65	65	63.4	63.4
Romania	64	59	60.7	58.3
Slovenia	63	61	62.0	58.0
Sweden	61/65	61/65	64.7	64.7
United Kingdom	65	60	65.0	60.0

Source: Adapted from EC (2012).

pension provision. Likewise, the design and objectives of public health and disability pension programmes should take in account how these programmes influence labour market activity, and in particular how the latter may incentivize an “early exit” route from work. Employers, in tandem with occupational safety and health measures, can also help by ensuring work environments are appropriate for older workers, as has occurred in Germany for instance. Occupational safety and health measures contribute to keeping older workers in employment through workplace (re)design, maintenance of a healthy and safe work environment, training and retraining, assessment of work demands, medical diagnosis and health screening.

Public attitudes are no less important. Required is a lasting ground shift in opinion that recognizes that older workers have a responsibility to defer retirement and remain active for longer, personal health and occupational history permitting, but at the same time recognizes a demand for part-time working as a phased-retirement strategy. The challenge for all countries is

foremost to change the parameters of pension systems, adapt labour law and to foster changes in the behaviour of employers and workers. Such changes must be underpinned by a commitment to ensure the dignity of older workers, to propose activity in formal, decent and appropriate work.

Social security administrations are well placed to act as pacesetters in addressing the challenges of retaining workers and creating jobs in the context of an ageing workforce – public-sector workforces, including in social security administrations, are typically older than those in the private sector. With the envisaged retirement of significant numbers of current staff in the coming decade, the organizational benefits for social security administrations of adopting an active ageing strategy would be to help ensure the transfer of institutional knowledge and know-how from older to younger workers necessary for continuity in the delivery of quality public services. Good practice in this regard should include the mentoring of junior staff by senior colleagues, enabling

flexible work arrangements, and developing a comprehensive health and safety framework appropriate to workers of all ages (McKinnon, 2010).

### The challenge of youth unemployment

Youth unemployment remains high, and often very high, in many European countries and is of particular concern in the EU-27. In December 2012, youth unemployment in the EU-27 stood around 23 per cent, with rates as high as 57.6 per cent and 55.6 per cent in Greece and Spain, respectively. The lowest rates of EU youth unemployment are found in Germany (8.0 per cent), Austria (8.5 per cent) and the Netherlands (10.0 per cent).<sup>2</sup> In the countries of Central and South-Eastern Europe and in the CIS countries high youth unemployment is also an important challenge, with average figures around 20 per cent.

This overall difficult situation is not helped by the fact that the work offered to youth is often part-time, precarious and increasingly informal, which reduces contribution density and may even prevent affiliation to contributory social security programmes. That younger workers and new-entrants to the labour market require greater support need not be in contradiction with the parallel goal of retaining older workers in the workforce. In fact, some countries have successfully implemented higher retirement ages while maintaining relatively low youth unemployment (e.g. Austria and Switzerland). Increasingly, youth unemployment poses a stark set of challenges for governments and social security administrations (Box 3.3.).

There is a need to redouble efforts to tackle youth unemployment through jobs which would also enable youth to affiliate to the social security system. Of concern, many current ALMPs in Europe do not cater to the specific needs of unemployed youth and labour law often discourages the hiring of young workers. Clearly, education and vocational training policy should be revisited also, to give both young and mature students across the life course the training and knowledge required for the modern information-based economy. In this vein, Denmark, Finland and Sweden are offering important “youth guarantee schemes” (ILO, 2012b) that specifically aim at helping youth to reskill, re-educate and get back to work. As a proactive response from social security, Belgium’s partial employment scheme is one initiative seeking to extend social security protection to youth in precarious employment.

### Migrant workers

Evidence suggests that one of the impacts of the crisis has been a significant increase in the flows of migrant workers in Europe. These flows are not only increasing in size but the patterns themselves are changing; in 2012 in Germany, there were some 450,000 immigrants from Portugal, Spain and Greece compared to a net migration to these countries in 2010. A large majority of these workers are often young and well qualified who lack suitable job opportunities in their home countries. At the same time, migration from Eastern and South-Eastern Europe and in the CIS countries generally continues (Box 3.4.).

### 3.3. Threats presented by high and persistent youth employment

- Weakens popular support for social security and the values of risk-pooling solidarity it represents, as youth may feel they have no stake or incentive to affiliate and contribute.
- Negatively stigmatizes significant segments of society as a result of being inactive or detached from the world of work for an extended period.
- Reduces future earnings capacity as a result of delayed labour market participation. Young jobseekers acquire fewer competencies, skills and work experience, therefore their labour value is diminished.
- Greater mismatch between future workforce skills/labour market requirements.
- Reduces government tax-take, labour force productivity and labour supply.
- Diminishes social cohesion and poses an increased risk of social unrest.

Source: ILO (2012a).

2. See <[http://europa.eu/rapid/press-release\\_STAT-13-19\\_en.htm](http://europa.eu/rapid/press-release_STAT-13-19_en.htm)>.

### 3.4. Social security for migrant workers in Eurasia

In Eurasia, which covers essentially the former Soviet Union countries, almost 10 per cent of the population – 24 million people – is foreign born. Migrant workers make up an even higher percentage of the workforce. In Kazakhstan, nearly 21 per cent of the population is foreign born. In the countries that make up Eurasia, more than 60 per cent of the foreign-born migrant population is in the working-age group (aged 20–64), except Armenia (54 per cent); in the Russian Federation it is 78 per cent.

The importance of social security for migrants in this part of the Europe region was highlighted by a joint ISSA-International Association of Pension and Social Funds (IAPSF) Declaration on Social Protection of Migrant Labour and Globalization in 2005. Building on this, in 2011 a joint ISSA-IAPSF working group was formed with a mandate to draft solutions that strengthen social security coverage extension for migrant workers. In May 2012, the working group presented its Framework Guidance Document on Social Security for migrant workers in Eurasia. This document defines the principles and guidelines necessary for enhancing migrant worker social security coverage, and may serve as a resource for social security administrators and stakeholders in Eurasia who seek to enhance social protection.

While regional and bilateral social security agreements offer protection for the portability, vesting and totalization of social security rights for many formally-employed workers and their families, the social protection and health care needs of other “grey economy” migrants may lead to a heightening of demand for tax-financed, and especially social assistance, benefits, with subsequent knock-on effects for the allocation of staff and financial resources for social security administrations.

These impacts and policy measures require the development of administrative capacity and innovative responses from social security administrations to respond to the specific challenges raised. These increase differentiated approaches reflecting the characteristics of such workers, the provision of information in different languages and the streamlining of affiliation procedures.

#### **Work-life balance**

The increase in female labour force participation rates in many countries in the region has benefited from the positive responses of social security administrations and policy-makers to support working families. By encouraging and facilitating part-time working but also an improved work-life balance, wider employment aims which also support system sustainability can be put into place while respecting other demands of workers. These demands include more time for leisure activities as well

as time spent with families plus training and sabbatical opportunities. In turn, such working patterns are often effective proactive and preventive approaches to the question and challenge of stress in the workplace.

Contributory social security systems increasingly recognize and are proactively supporting “unpaid” productive activity. The old-age pension systems of Guernsey, Ireland, Jersey, Malta, Norway, and the United Kingdom, for example, now either provide credited contributions to the pension system for specified care periods or disregard such periods when calculating the annual average contribution that is used in the pension benefit calculation. Measures to expand childcare facilities, as in Germany, to encourage and facilitate the parents of young children to return to work offers a further proactive measure to support choice in the work-life balance.

#### **Conclusions**

High unemployment, low levels of economic growth and job creation, demographic ageing, shifting migration patterns and different approaches to the life-work balance across the life course are important elements of the complex labour market backdrop against which European social security administrations are currently operating. Addressing the challenges presented by these elements demands orchestrated multi-sectoral policy responses within which social security administrations have an important role to play.

On the basis of recent experience, and to achieve effective coordination with employment policy objectives in particular, there are a number of issues that social security administrations should take into account:

- Shorter-term “crisis” response measures must not lose sight of, and remain coherent with, the longer-term strategic objectives of employment policy.
- The growing requirement to better align social security policy with employment policy is likely to necessitate changes to resource allocation and the design of social security administrations and the training and development of staff.
- The coordinated role of many social security administrations within the increasingly interlinked domains of social security, employment and education policy demands that social security administrators have the necessary skill sets and competencies and an appropriately designed work environment to ensure the quality delivery of benefits and services.
- Even in periods of economic growth, the success of social security interventions to support employment may remain dependent on the reform of labour law and labour market policies, to remove disincentives and/or obstacles to the retention or hiring of older as well as younger workers.





# Strengthening investment in safety, health and employability: Proactive and preventive approaches

In Europe, proactive and preventive approaches to social security are increasingly prioritized. In particular, these seek to contribute to addressing the sustainability challenges faced by comprehensive social security systems in a region characterized by demographic ageing. Importantly, these approaches present a number of wider benefits for social security systems.

First, proactive and preventive approaches as core aspects of social security systems act to mitigate social insecurity in all its forms across the life course. For instance, one reinvigorated aim is to prevent the intergenerational transfer of poverty by targeting the needs of, and better supporting opportunities for, children. Second, they may help minimize the extended use of social security benefits, especially social assistance, unemployment benefits, work injury benefits, disability pensions. They thus help strengthen both public support for social security and its financial sustainability by helping to control costs. Third, as a mind-set approach to the administration of social security benefits and services, a proactive and preventive outlook by social security managers and administrators can contribute to reducing operational risks and improving the day-to-day administration of social security programmes. Fourth, forward-looking perspectives may encourage a change in individual behaviour vis-à-vis a reduction in exposure to risky behaviours, such as tobacco use, harmful alcohol consumption, physical inactivity or unbalanced dietary habits, all of which are known to contribute to non-communicable diseases.

The emerging trend in Europe is for individuals to be encouraged to take greater responsibility for lifestyle choices that will lead to improvements in well-being and health. Thus empowered, individuals are likely to have less need for recourse to acute, long-term or palliative health care and related social security benefits.

Taken as a whole, the many push and pull factors encouraging the more systematic adoption of proactive and preventive approaches to social security create wider positive upshots for national economies – by cushioning the downside impacts of socio-economic risk events and by supporting innovation and investment in society. Importantly for evidence-based policymaking, it is possible to measure the societal “return” to be gleaned from investing more in proactive and preventive approaches. ISSA research has revealed the return enterprises can expect to receive from investment in prevention measures: for every EUR 1.00 invested in workplace prevention activities, enterprises can expect a return of EUR 2.20 (ISSA, 2013a). Positively and more generally, the “societal return” from investment in prevention is expected to be much higher.

In the current straitened European economic environment and with public spending under increased scrutiny, a difficult challenge is to ensure that investments in such activities are protected. With this aim in mind, this chapter addresses how social security organizations in Europe are increasingly taking a lead role in

prioritizing proactive and preventive approaches, not least to support labour market activity, in the areas of occupational safety and health, work injury programmes and health promotion initiatives.<sup>3</sup>

### Safety and health at work

In the current economic context, the goal of recovery in Europe is, in large part, synonymous not simply with creating work, but with creating decent jobs as well as quality working environments. Such work must also satisfy the wider policy objectives of prolonging the working life, increasing the participation of women, supporting higher levels of flexibility and productivity, and reducing work-related stress and discrimination. For the fuller achievement of all these objectives, greater investment in safety and health at work is a key factor (Box 4.1.). As reported by the European Agency for Safety and Health at Work (OSHA, 2012), the *Pan-European opinion poll on occupational safety and health – 2012* revealed that 86 per cent of respondents agreed or strongly agreed that for (their country) to be economically competitive, workplaces need to follow good health and safety practices.<sup>4</sup>

Social security administrations can play an active role in implementing preventive safety and health measures at work by offering economic incentives to employers in the form of reductions on social insurance premiums (e.g. Germany) or creating disincentives in the form of additional premium payments for those with elevated accident rates (e.g. Belgium). Safer and healthier workplaces lead to higher productivity and cost-saving as a

result of lower staff turnover and sickness absenteeism, as well as reduced contributions to work accident insurance (ILO, 2007).

Reduced social insurance premiums can also be used to incite the further development of age-adapted workplaces or the hiring of older workers (e.g. Netherlands). Demographic ageing in Europe, which impacts on the profile of the workforce and workplace design needs, is pushing forward the need to better promote safety and health at work. Specifically, there is a greater requirement for work injury programmes and national agencies responsible for prevention to focus on the safety and health of older workers. Not only do most fatal work-related accidents happen among workers aged 55 to 65, but older workers take longer to recover from accidents, which can lead to a longer absence from work (Crawford et al., 2010).

### Work injury programmes

The recent period reveals a complex picture for the incidence of workplace injuries and diseases. In Europe as elsewhere, work accidents are declining while occupational diseases are on the increase, representing a substantial economic and social cost. One challenge is to modernize international and national lists of occupational diseases to reflect changing risk factors in the workplace and in production processes and thus evolving epidemiologic patterns and disease incidence. Currently high levels of unemployment may reduce occupational accident rates. This was the case in Italy in the period 2008–2009, where a 2 per cent rise in unemployment was accompanied by a 10 per cent fall in occupational accidents (ISSA, 2010c).

#### 4.1. The impact of the crisis on safety and health at work

The recession in Europe has impacted safety and health at work:

- Increased work intensity and pressure, which can lead to a higher frequency of some types of accidents;
- Growing insecurity with regard to the employment outlook. This has a direct impact on the psychosocial conditions and well-being of workers (often resulting in deleterious effects on health) (Greece);
- Difficult market conditions can lead to reduced investment in prevention measures by employers (Poland, Spain), while workers may be more reluctant to express demands concerning safe and healthy working conditions;
- A decrease in some types of accidents because the crisis may lead to a reduction in employment in some higher-risk sectors (construction).

3. See chapter 3 for proactive and preventive measures in support of employment.

4. See <[https://osha.europa.eu/en/safety-health-in-figures/index\\_html#tabs-3](https://osha.europa.eu/en/safety-health-in-figures/index_html#tabs-3)>.

## 4.2. The “fit note” in the United Kingdom

Based on researched evidence that work is generally good for health, that going back to work can often aid a person’s recovery, that staying off work can lead to long-term absence and job loss with the risk of isolation, loss of confidence, mental health issues, de-skilling and social exclusion, and to remedy the human, social and economic costs of impaired health and well-being in relation to working life, a “fit note” – instead of a “sick note” – is now issued by general practitioners (GPs) in the United Kingdom. The fit note’s objective is to enable workers with health problems to stay at work, and to help people who have not yet found work, or have become workless, to enter or return to work. The programme promotes the inclusion of occupational health and vocational rehabilitation within mainstream health care. It also promotes understanding of the positive relationship between health and work among employers, health care professionals and the general public.

First indicators of success:

- The majority of GPs use the fit note as a tool to initiate and guide consultations with patients about returning to work, and it has had a positive impact on the quality of the discussions with patients.
- GPs are now better able to challenge patients’ perceptions of their ability to work and to be more assertive about the need to explore return-to-work options.
- Patients have been helped to make a phased return to work.
- The new approach has challenged employers’ assumptions that people with a health condition cannot work.
- Patients have been empowered to discuss changes with their employer and to agree on a RTW strategy.

Source: See <<http://www.dwp.gov.uk/fitnote>>.

One factor in this may be that high risk sectors, such as construction, saw their economic activity reduced significantly. Another factor, however, is psychosocial health problems, which are on the rise due to increased insecurity, higher workloads and a higher pace of work.

To incite greater investment in reducing workplace accidents, interventions must be seen to be cost-effective. Studies undertaken in two French hospitals have revealed how investing in prevention with regard to the routine nursing task of manually aiding patients in geriatric wards led to: a 60 per cent reduction in workplace accidents in the first hospital, with the expectation that the initial investment would be recouped in 3.3 years; a 48 per cent reduction in workplace accidents in the second hospital, with the expectation that 80 per cent of the initial investment would be recouped in 10 years (INRS, 2009). These studies also highlight the growing requirement in Europe for policy-making to be firmly evidence-based.

### **Return-to-work (RTW) programmes**

It is now better understood that the longer a person remains away from work, the more likely it will be that

he or she will enter into a long-term social security benefit programme. Research by Switzerland’s SUVA suggests that key determinants in this outcome are the person’s social setting and personality, and that these may be more influential than health and occupational setting. This realization has prompted actions for earlier, and often case-managed, interventions by social security administrations. In addition to reforms introduced by SUVA, other important examples are offered by the German Social Accident Insurance (*Deutsche Gesetzliche Unfallversicherung – DGUV*) and AUVA in Austria. All three institutions offer comprehensive RTW programmes, with rehabilitation services in their own specialized clinics. Building on a continuing trend across Europe to act earlier to address workers’ health issues (for instance, Denmark, Finland, Liechtenstein, the Netherlands, Norway and Sweden), social security reforms are focusing on ways to improve the targeting of people on short-term sick leave. The initial reported findings of the United Kingdom’s successful experiences in this field offer interesting reading (Box 4.2.).

### **Social security health initiatives and workplace health promotion**

Health initiatives in Europe combining proactive and preventive interventions are typically led by national public health authorities, but they can also be supported by multilateral organizations (World Health Organization – WHO; European Network on Workplace Health Promotion – ENWHP), and sometimes by employers.

More significantly, ISSA research (ISSA, 2012b) identifies how social security health care organizations can play a number of key roles in supporting health promotion. They act as:

- Health insurers – providing financial protection against specific health risks;
- Direct providers of health services – operating hospitals and health clinics;
- Health promoters – conducting health information/education, public-awareness campaigns;
- Payers/purchasers – using disbursement powers and payment systems to encourage preventive practices; and
- Data sources/producers – supporting national disease surveillance strategies and processes.

Global evidence, including from Belgium, France and Germany, confirms that social security organizations continue to play their conventional role as health insurer, providing financial protection against defined health risks. Yet the tendency is for this insurance mechanism to be increasingly put at the service

of prevention, whether by improving coverage or by expanding the range of preventive benefits and services offered. Many social security organizations are embracing newer roles in a more proactive approach to prevention that curtails identifiable health risks, including, in the case of Latvia, those associated with disabilities.

To maintain the momentum behind this trend towards a broader set of roles, social security organizations must strengthen institutional capacities to respond to and anticipate developments in disease incidence and progression. As a fundamental aim, they must foster more open, integrated and comprehensive prevention systems. Comprehensive strategies build on integrated health systems to align prevention-oriented priorities with other social security branches, especially those most affected such as sickness, disability, unemployment and social assistance. As the case of SUVA in Switzerland underlines, a key component of any comprehensive strategy is workplace health promotion (WHP), offering social security organizations a valuable early entry point to support interventions by employers and positively influence workers' health. To support WHP and health promotion measures more generally, health insurance organizations in Belgium and Germany are legally mandated to carry out health promotion activities, including patient education (Box 4.3.).

Some countries have taken the step to consolidate the coordination of preventive health initiatives under a new institutional umbrella dedicated exclusively to

#### **4.3. Legal mandates for prevention and health promotion in Belgium and Germany**

In Belgium's decentralized system, preventive care and health promotion are largely the responsibility of the communities. Within this framework, insurers are legally mandated to put in place activities to promote health education and to encourage cheaper forms of health care (without sacrificing quality), as well as providing assistance and guidance for the promotion of physical and social well-being. Insurers exercise substantial leeway in setting prevention priorities and developing health promotion campaigns and programmes.

In Germany, statutory health insurance organizations are required by law to cover primary prevention interventions and to contribute to WHP, including identifying risks, proposing improvements and implementing preventive initiatives. These mandated services include individual primary prevention and promotion in the workplace, schools, day care centres, etc.; comprehensive screening programmes for children and adults; immunizations; medically preventive care for at-risk persons; dental disease prevention; tertiary prevention services (e.g. patient education); and self-help promotion.

prevention. This is the case in France where the National Institute for Prevention and Health Education (*Institut national de prévention et d'éducation pour la santé* – INPES) implements national prevention and health education policies using teams comprised of representatives from an array of government agencies, including the health ministry and statutory health insurance bodies, among others.

### **Conclusions**

Across Europe, the prevention measures adopted by social security organizations address not only the primary risks of preventable accidents or diseases, but encapsulate proactive interventions to prevent, for instance, long-term unemployment, early exit from the labour market or the need for costly health interventions. Adapted measures are also being put in place by social security programmes to support non-remunerated activity (see chapters 2 and 3). Significantly, the mounting evidence of “return on prevention” studies in Europe shows that these investments offer real value-for-money with wide-reaching and important long-term benefits.

On the basis of recent developments and trends in Europe, it is observed that:

- The demands for proactive and preventive measures from social security systems are growing, as it is now more widely understood that workers’ health – and the labour market activity rate – is influenced by work-related and lifestyle factors. Such measures are equally necessary to support investment in society, including non-remunerated activities that are socially and economically valuable.
- A multidimensional as well as an individual view focusing on both health and employability is necessary, with social security organizations taking into account personal factors like competencies, lifestyle and social environment.
- For workplace and labour market interventions, more holistic and integrated institutional approaches are needed, where classical prevention and OSH measures are supplemented by health promotion and RTW programmes.
- Increasing collaboration and coordination across different social security branches and organizations

vis-à-vis the needs of individuals, taking into account the influence of the work and non-work environment, is contributing to demands for the coordinated reform and, in some countries, greater integration of social security and health programmes and administrations.



# Administrative excellence: Three ways to do more with less

Social security organizations across all parts of Europe are under increasing pressure to move towards administrative excellence. First, improvements in efficiency and effectiveness are viewed as intrinsic to the wider goals of better controlling social security system expenditures and realizing improvements in social security benefits and services for all stakeholders. Importantly, these two objectives are not necessarily in opposition to one another. Positively, there is an expectation that it is possible to achieve measurable improvements in the quality of benefits and in all forms of client support and services without a significant change in administrative expenditures. Second, administrative excellence supports greater public trust in social security organizations, trust that is essential to building national consensus in support of the continuing modernization of social security systems.

In pursuit of the central objective of administrative excellence in social security administration, this chapter highlights three ongoing trends in Europe towards: *i*) the prioritization of e-services *ii*) institutional restructuring, involving greater cross-sectoral and inter-agency coordination and, in some cases, the integration of social security administrations; and *iii*) efforts to better inform and further empower social security

clients, social security staff and other stakeholders. The selective focus on these trends in Europe leaves to one side other compelling issues no less essential for administrative excellence, such as good governance, risk management, the management of investments, change management, and staff development and training.

At the current juncture with many social security programmes confronted by financing challenges, the measures highlighted in this chapter represent three distinct ways to help social security administrations in Europe “do more with less”, to achieve measurable improvements in systems and processes and in tackling risks across the life cycle.

## **Prioritization of e-services**

The continuing and deepening movement towards e-services in social security administration in all parts of Europe is deemed to present opportunities for maximizing the quality of benefits and services.<sup>5</sup> In spite of this potential, a major challenge for social security administrations is to make investments in and constantly improve existing technologies and working platforms so as to ensure continually higher levels of service. Strategically, such investment should seek to realize an enhanced degree of connectivity and a

5. For example, were e-services to be applied across all public services in EU countries, the EU estimates that the annual savings accrued could approach EUR 50 billion. See <<https://ec.europa.eu/digital-agenda/en/ict-public-services>>.



harnessing of state-of-the-art ICT tools to better coordinate social security schemes at the national level. Of importance, this should permit greater flexibility in service delivery through a more accurate segmentation of claimant groups that takes into account and is appropriate to geographic and social circumstances. In parallel, a further essential strategic element must be an assessment of the operational and cost risks associated with the introduction or upgrading of ICT platforms.

The EU gives priority to the implementation of information and communications technology and social security governance among member States, as demonstrated by the EU e-Government project and social security coordination mechanism. As a key element of this, the “modernized coordination” of social security schemes has been applied in the EU since May 2010. The aim of improved European coordination aside, the principal focus of all national social security systems remains firmly placed on their respective domestic issues and challenges.

Of great significance, the operational logic underlying developments in many countries in Europe is that the delivery of services by public agencies should be “digital by default” (Seddon and O’Donovan, 2013). However, a major challenge for many IT projects is to manage the risks of delays to implementation and overspend. Once operational, the appropriate design and delivery of e-services must take into account, nevertheless, that a sizeable proportion of European citizens do not have personal internet access, while others may not be suitably literate or inclined towards e-services. Yet, the multiple language delivery of some web-based services – which reflect that some countries have more than one official national language or which cater to immigrant population groups – or services which cater to the specific needs of individuals with eyesight or hearing impairments, show that e-services are capable of great flexibility and, when used appropriately, can indeed improve service quality.

### **Institutional restructuring, inter-agency coordination and integration**

Another set of means to move towards administrative excellence in social security administration is

through institutional restructuring, greater cross-sectoral inter-agency coordination and the integration of certain agencies, all of which are ongoing processes in Europe. These processes also seek to enhance quality, not least by facilitating improved access to services for clients and by enabling the characteristics of clients to be better taken into account when designing services. In many cases, not only do such reforms seek to help realize improvements in the internal efficiency of social security administrations, they also seek to facilitate the delivery of proactive and preventive measures, in particular in support of employment and investment in health (see chapters 3 and 4). The most recent phase of reform in Italy saw the National Social Security Institute for Civil Servants (INPDAP) merged with the National Social Security Institute (INPS) in December 2011, with the latter now responsible for the entire system. The process of reform commenced in 2006 to put into place Norway’s integrated Labour and Welfare Administration (NAV) – which merged the labour market services and social insurance institution – came to completion in 2012. In the United Kingdom, the Welfare Reform Act 2012 is introducing a wide range of reforms that will impact the institutional design and delivery of benefits and services.

Since October 2012, the Danish authorities, as part of a phased administrative reform, have decided to create a new institutional body, Payment Denmark (*Udbetaling Danmark*), which shifts the management and payment of certain social security benefits, previously delivered at the level of local municipalities, to a more centralized level. This centralization aims for the better coordination of the payment of social benefits and simplified access to information and administrative procedures for insured persons. Creating a single point of contact is anticipated to improve governance, clarify the government’s social security activities and strengthen cost control.

To support inter-agency coordination and improve integrated policy-making, there is a corresponding need for improved data collection and information sharing at the national level. In this regard, Belgium’s well-known integrated database managed by The Crossroads Bank for Social Security (KSZ-BCSS) continues to provide

a useful pointer for other countries in Europe with social security systems that are relatively decentralized and comprising of multiple institutions responsible for different branches of social security. The database permits improved service delivery and a secure mechanism for the cross-sectoral and inter-agency sharing of common data.

### **Empowerment**

The fuller achievement of administrative excellence in social security rests to an important degree on properly informing and, thus, empowering citizens. An essential element of citizen empowerment is the ability of insured persons to provide “client feedback”, both positive and negative, which has been made more readily possible using e-service platforms. Empowering citizens is deemed essential for instilling not only public support for social security programmes, but for permitting a distinction to be made between the rights and responsibilities that citizens and insured persons have vis-à-vis the social security system. When provided with the appropriate information, people are better able to make informed choices and decisions. In this regard, to better empower citizens, the e-services provided by Portugal’s Social Security Contact Centre as well as Ireland’s integrated “Losingyourjob.ie” platform, to support those who are unemployed or who are soon to lose their job, are recognized as models of good practice.

Another national example of using e-services to empower people comes from Moldova, where an online information system on the website of the National Office of Social Insurance provides internet access for insured persons to check whether social insurance contributions have been credited to their account by employers. Previously, if the employer failed to pay social contributions or paid incorrect amounts, the insured worker was less likely to detect the problem. In Germany, the dispatch of annual pension information has been computerized to provide an automated service to the millions of insured individuals covered by the German Federal Pension Insurance scheme (*Deutsche Rentenversicherung Bund*). Under this arrangement, insured individuals receive a projection of their pension benefit, and can decide whether and how they might wish to make any complementary provision for old age. An influential example of

citizens’ empowerment is Sweden’s “Orange envelope”, which offers detailed information on projected pension income to affiliates on an annual basis. Similar information on pension system entitlements is provided by France and Finland (Regúlez-Castillo and Vidal-Meliá, 2012). Likewise in Norway, the Labour and Welfare Administration (NAV) launched in 2011 a “one-stop” pension portal, Your Pension (*Din pensjon*), which is a world-first in providing citizens with an integrated view of their total public and private pension benefits. It also enables an end-to-end automated process for gathering user information, calculating benefits and enabling transactions. As a result, pension application processing time has been reduced from about three months to a few minutes, and all Norwegians are adequately empowered to plan their pension timeline and benefits.

In Russia, a new law on the national health care system came into force in 2011, creating a single compulsory health insurance framework which distributes all health insurance allocations to ensure a per capital minimum for every citizen in all regions. The funding principle has also been changed so that a medical service instead of a medical institution is financed. For the first time, individuals are empowered to freely choose a medical insurance organization, medical clinic as well as a doctor (ISSA, 2013b).

Efforts to improve levels of empowerment among social security clients can only have meaning if accompanied by a greater acceptance of individual responsibility on their part. Adapting personal behaviour vis-à-vis exposure to lifestyle risks that impact health is one important aspect of this. Another is to heighten moral suasion and legal sanctions to discourage attempts to misuse or, indeed, defraud the social security system.

Significantly, in many countries, the cost of fraud to the social security system is lower than the cost of incorrect benefit payments paid as a result of administrative error – which, to a degree, must be seen as a measure of the complexity of some benefits systems and the often high levels of staff turnover in social security agencies. This observation goes some way to explaining the need for better trained and empowered social security staff. Thus, an important aspect of realizing administrative

## 5.1. Supporting staff to realize administrative excellence

In Germany, the Information and Knowledge Platform (BGHW–INWI) of the Institution for Statutory Accident Insurance and Prevention for Trade and Distribution (*Berufsgenossenschaft Handel und Warendistribution – BGHW*) supports its employees in their work, managing information and knowledge to make the BGHW more effective and efficient. The BGHW has made it possible for staff to access data to provide services in the right quantity and quality in a structured manner, and rapidly – within seconds. In addition, the system has made information and knowledge management a firmly-established part of the work creation process, tying the workforce tightly into the knowledge circuit. The platform shows that, with very little financial outlay, the experience and expertise of staff members can be harnessed to the considerable benefit of any organization.

excellence concerns the ability of social security organizations to train and empower their staff so that they may more fully realize their potential as technical administrators and client-oriented service providers (Box 5.1.).

By making available better information about social security programmes and through measures which simplify procedures to affiliate, there is an expectation that self-employed workers and those whose work may be semi-formal or, indeed, informal may have a greater possibility – and be more inclined – to join the social security system. With such emphasis being accorded to empowerment, a potential risk that social security administrations must avoid is that the delivery of benefits and services fails to live up to ever-higher expectations.

### Conclusions

Social security systems are dynamic in the sense that they never stop evolving. In Europe, the demand placed upon social security systems to improve all aspects of their organizational operations combined with a heightened need to make better use of available resources has created a context that has come to be typified as a need to do more with less. Positively, on the basis of the three trends highlighted in this chapter, European social security systems are adapting to meet current resource challenges while striving to ensure excellence in administration and thus the delivery of quality benefits and services. In this continuing process, key issues for Europe's social security administrations are the following:

- Movement towards e-services in social security administration offers scope for greater effectiveness and efficiency in delivery, and may help empower the users of social security systems. The strategic

development of web-based services must not lose sight of the fact that even in Europe individual internet access remains far from universal, and that for many people gaining access to social security benefits and services still requires traditional delivery channels.

- Offering improved information presents opportunities for empowering not only the users of social security systems but social security staff too. A challenge for social security system design is that higher expectations for citizen empowerment may not be met by suitably adapted public communication/information channels and flexibility as regards appropriate options for accessing service provision. In turn, for social security staff, challenges may lie with the bureaucratic design of work processes, the depersonalizing impact of services delivered through ICT interfaces, the real-world hierarchical allocation of responsibilities and tasks, and the availability of opportunities for staff development and training.
- Pursuing greater quality by means of improvements in the efficiency and effectiveness of programme delivery – to be achieved through institutional restructuring, greater cross-sectoral and inter-agency coordination, and the integration of some social security administrations – may create operational risks for social security systems. Informed by evidence-based approaches to policy learning, the good governance of social security administrations should include the continuous assessment of such risks.





## Conclusion

This report charts the key developments and trends in social security in the Europe region in the last three years. Although the current environment in which many social security systems operate is challenging, and likely to remain so for a considerable time, the developments and trends observed highlight social security as a valued and innovative actor – and not least in those economies most exposed to the social and economic impacts of the crisis. Obviously, social security systems are no less valued and innovative when it comes to addressing the broad range of risks that confront people across the life course generally.

The countries of the Europe region are characteristically varied in many ways. Since 2010 there has been a more notable variation in – and closer attention has been paid to – economic and labour market performance among European countries. For example, unemployment and particularly youth unemployment rates differ significantly and the perceived success of policy approaches to addressing this particular issue reflects a wide set of interventions implemented over many years, and often decades, across a number of policy sectors. Overall, therefore, political, demographic, economic, social and cultural differences matter. Despite these differences, there are four common themes that can be identified and which run through this report and which show the way forward for social security administrations in the region:

1. Having demonstrated their effectiveness in helping to mitigate many of the immediate downside social and economic effects of the crisis, social security systems continue to play the role of “shock absorber”. Nevertheless, to safeguard the ability of social security systems to play this role in a sustainable and effective manner, the reform of many European social security systems is underway or envisaged.
2. By focusing on those most affected by the crisis – for example, young unemployed workers – social security systems not only help preserve human capital but offer a conduit to invest in future human capital development. At all times, social security systems help reinforce social cohesion by combatting the negative effects of social exclusion. Moving forward, what is required are tailored and holistic approaches to the many complex issues facing different sectors of the population, both in the workplace and non-work environments. To this end, to support the design and implementation of coherent national policy, cross-sectoral coordination and in some cases a movement towards institutional integration is promising.
3. By introducing appropriate proactive and preventive measures to partner reactive social security benefits and services, a greater focus placed on earlier interventions is expected to enhance the prevention and mitigation of downside risks. While such measures entail shorter-term investments in resources,

the emerging evidence suggests quantifiable positive longer-term returns for workers, employers, the social security system and society.

4. As part of revisiting how social security administrations conduct their operations and how benefits and services are delivered, the appropriate use of state-of-the-art ICT can be harnessed to increase the quality of delivery and improve the information available to insured persons and citizens. A “digital by default” approach should be approached with care – there is still demand and need for suitably resourced conventional delivery platforms. The recent period suggests that the reform of operations and delivery platforms is not only possible under financial constraints but is desirable as a stepping stone towards achieving administrative excellence. Moreover, the process of continuous administrative improvement enhances the public and political legitimacy of social security systems and strengthens the financial sustainability of programmes through improved governance and the better management of reserve funds.

Looking to the coming years, challenges remain. Financial constraints will continue to weigh heavily on administrations in the Europe region. Structural employment issues and the ageing of the population require appropriate reforms including tailored administrative and management responses, not least for those who require support to permit their active engagement in remunerated and non-remunerated activities. But the evidence from the region is that social security administrations are increasingly well placed to respond effectively to these challenges and, by working with other stakeholders and with wide public and political support, the outlook is one of optimism that comprehensive and sustainable social security systems in Europe will be safeguarded.







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# Appendix

**A.1. Types of social security programmes in selected countries in Europe**

Country	Old age	Disability	Survivors	Sickness	Maternity	Work injury	Unemployment	Family allowances
Albania	•	•	•	•	•	•	•	•
Andorra	•	•	•	•	•	•	a	•
Armenia	•	•	•	•	•	•	•	•
Austria	•	•	•	•	•	•	•	•
Azerbaijan	•	•	•	•	•	•	•	•
Belarus	•	•	•	•	•	•	•	•
Belgium	•	•	•	•	•	•	•	•
Bulgaria	•	•	•	•	•	•	•	a
Croatia	•	•	•	•	•	•	•	•
Czech Republic	•	•	•	•	•	•	•	•
Denmark	•	•	•	•	•	•	•	•
Estonia	•	•	•	•	•	a	•	a
Finland	•	•	•	•	•	•	•	•
France	•	•	•	•	•	•	•	•
Germany	•	•	•	•	•	•	•	•
Greece	•	•	•	•	•	•	•	•
Guernsey	•	•	•	•	•	•	•	•
Hungary	•	•	•	•	•	a	•	•
Iceland	•	•	•	•	•	•	•	•
Ireland	•	•	•	•	•	•	•	•
Isle of Man	•	•	•	•	•	•	•	•
Israel	•	•	•	•	•	•	•	•
Italy	•	•	•	•	•	•	•	•
Jersey	•	•	•	•	•	•	a	a
Kazakhstan	•	•	•	•	•	•	•	•
Kyrgyzstan	•	•	•	•	•	•	•	•
Latvia	•	•	•	•	•	•	•	•
Lithuania	•	•	•	•	•	•	•	•
Luxembourg	•	•	•	•	•	•	•	•
Malta	•	•	•	•	•	•	•	•
Moldova	•	•	•	•	•	•	•	•
Netherlands	•	•	•	•	•	a	•	•
Norway	•	•	•	•	•	•	•	•
Poland	•	•	•	•	•	•	•	•
Portugal	•	•	•	•	•	•	•	•

## A.1. Types of social security programmes in selected countries in Europe – continued

Country	Old age	Disability	Survivors	Sickness	Maternity	Work injury	Unemployment	Family allowances
Romania	•	•	•	•	•	•	•	•
Russia	•	•	•	•	•	•	•	•
San Marino	•	•	•	•	•	•	•	a
Serbia	•	•	•	•	•	a	•	•
Slovakia	•	•	•	•	•	•	•	•
Slovenia	•	•	•	•	•	•	•	•
Spain	•	•	•	•	•	•	•	•
Sweden	•	•	•	•	•	•	•	•
Switzerland	•	•	•	•	•	•	•	•
Turkey	•	•	•	•	•	•	•	b
Ukraine	•	•	•	•	•	•	•	a
United Kingdom	•	•	•	•	•	•	•	•

*Notes:*

Where there is no scheme or no information, the entry is left empty.

- Social security programme exists.

Sickness includes income replacement and/or medical benefits.

<sup>a</sup> Coverage is provided under other programmes or through social assistance.

<sup>b</sup> Has no programme or information is not available.

*Source:* Adapted from SSA and ISSA (2011 and 2012).



## A.2. Key demographic indicators for selected countries in Europe

Country	Total population (2013)	Old age dependency ratio (%) <sup>a</sup>		Youth dependency ratio (%) <sup>b</sup>		Life expectancy at birth (years)		Statutory pensionable age		Life expectancy at age 60
	Millions	2013	2050	2013	2050	Men	Women	Men	Women	Unisex
Albania	3.24	18	51	31	22	73.4	79.7	65.0	60.0	20.6
Andorra	0.09	20	81	22	25	80.3	84.6	65.0	65.0	24.0
Armenia	3.12	19	43	31	27	70.2	76.7	63.0	63.0	19.5
Austria	8.44	33	63	22	26	77.4	82.9	65.0	60.0	22.9
Azerbaijan	9.53	13	41	31	34	67.1	73.1	63.0	58.5	18.9
Belarus	9.50	37	73	25	33	63.6	75.5	60.0	55.0	16.5
Belgium	10.82	28	44	26	30	77.0	82.5	65.0	65.0	22.7
Bulgaria	7.35	37	67	23	30	69.2	76.4	63.0	60.0	18.2
Croatia	4.38	33	57	23	27	72.5	79.5	65.0	60.0	20.1
Czech Republic	10.59	33	62	22	30	73.8	80.2	62.2	60.7	19.8
Denmark	5.61	28	41	27	29	76.0	80.5	65.0	65.0	21.7
Estonia	1.34	34	55	26	32	68.4	79.2	63.0	61.0	19.5
Finland	5.42	30	45	26	29	75.9	82.8	65.0	65.0	22.7
France	63.78	42	59	32	34	77.5	84.3	60.0	60.0	24.3
Germany	81.80	32	57	20	27	77.2	82.4	65.0	65.0	22.7
Greece	11.45	35	63	23	29	77.0	82.0	65.0	60.0	21.8
Guernsey	0.07	27	47	22	24	79.4	84.9	65.0	65.0	22.3
Hungary	9.93	33	54	23	28	69.5	77.6	62.0	62.0	18.6
Iceland	0.33	16	34	30	30	79.5	83.1	67.0	67.0	23.8
Ireland	4.63	19	41	33	32	77.3	82.0	65.0	65.0	22.5
Isle of Man	0.09	36	56	27	26	79.0	82.2	65.0	60.0	22.3
Israel	7.82	13	23	43	35	78.4	82.9	70.0	67.3	23.4
Italy	61.09	39	71	23	29	78.6	84.0	65.0	60.0	23.9
Jersey	0.10	23	35	24	24	78.9	83.8	65.0	65.0	22.3
Kazakhstan	16.55	16	33	40	40	60.2	71.5	63.0	58.0	15.5
Kyrgyzstan	5.50	10	28	47	39	62.7	71.0	63.0	58.0	17.1
Latvia	2.23	33	58	23	30	66.9	77.5	62.0	62.0	18.7
Lithuania	3.28	31	55	23	29	65.5	77.2	62.5	60.0	18.7
Luxembourg	0.53	21	40	25	28	76.7	82.0	65.0	65.0	22.5
Malta	0.42	36	70	22	25	76.3	81.2	61.0	60.0	22.4
Moldova	3.50	28	68	25	28	64.4	72.1	62.0	57.0	15.8
Netherlands	16.76	25	46	26	29	78.1	82.2	65.0	65.0	22.7

## A.2. Key demographic indicators for selected countries in Europe – continued

Country	Total population (2013) Millions	Old age dependency ratio (%) <sup>a</sup>		Youth dependency ratio (%) <sup>b</sup>		Life expectancy at birth (years)		Statutory pensionable age		Life expectancy at age 60
		2013	2050	2013	2050	Men	Women	Men	Women	Unisex
Norway	4.99	20	36	27	29	78.1	82.7	67.0	67.0	23.1
Poland	38.33	26	58	22	27	71.2	79.9	65.0	60.0	20.1
Portugal	10.70	28	64	22	23	75.3	81.8	65.0	65.0	22.0
Romania	21.34	30	66	23	28	69.6	76.8	63.8	58.8	18.2
Russian Federation	142.56	37	70	26	35	61.6	74.0	60.0	55.0	16.8
San Marino	0.03	28	53	25	24	80.5	85.7	65.0	65.0	23.9
Serbia	9.84	30	54	27	26	71.7	76.3	64.0	59.0	18.6
Slovakia	5.49	24	59	22	27	70.7	78.7	62.0	62.0	19.0
Slovenia	2.04	33	66	22	29	75.0	82.0	63.0	61.0	21.6
Spain	47.04	26	62	23	28	77.2	83.8	65.0	65.0	23.7
Sweden	9.55	30	42	26	30	78.8	82.9	65.0	65.0	23.3
Switzerland	7.76	28	58	22	26	79.3	84.1	65.0	64.0	24.4
Turkey	75.36	17	48	39	28	70.7	75.3	60.0	58.0	17.8
Ukraine	44.70	41	73	24	34	61.8	73.5	60.0	55.0	17.0
United Kingdom	63.18	33	47	28	31	77.4	81.7	65.0	60.0	22.3

*Notes:*

- <sup>a</sup> Population above average statutory pensionable age divided by population aged 15 to average statutory pensionable age. The average statutory pensionable age is calculated as a simple average between the statutory pensionable age for males and the statutory pensionable age for females.
- <sup>b</sup> Population aged 14 or younger divided by population aged 15 to average statutory pensionable age. The average statutory pensionable age is calculated as a simple average between the statutory pensionable age for males and the statutory pensionable age for females.

*Source:* ESA (2012); SSA and ISSA (2011 and 2012); United States Census Bureau (2012); ILO (2010).

### Europe: Enhancing the sustainability of comprehensive social security systems

*Europe: Enhancing the sustainability of comprehensive social security systems* identifies, synthesizes and interprets the most important recent developments and trends in social security in Europe. A key finding is that social security administrations in the region remain dynamic and are capable of delivering positive and effective responses to the complex challenges confronting them.

This is the last in a four-volume set of Developments and Trends regional reports designed to accompany and inform the ISSA's Regional Social Security Forums during the triennium 2011–2013. In combination with reports on Africa, the Americas and Asia and the Pacific, the regional format of this series supports endeavours to better document, understand and learn from the key challenges facing ISSA member organizations in the different regions of the world.

*The International Social Security Association (ISSA) is the world's leading international organization bringing together government departments, social security administrations and agencies administering social security. Globally the ISSA has around 350 member organizations in over 150 countries, including 125 organizations in Europe.*