



Key criteria for social security system reforms: sufficiency and sustainability

Line of action:
POLICIES ON SOCIAL INCLUSION AND THE FIGHT AGAINST POVERTY

Areas:
SOCIAL POLICIES

Scope:
ARGENTINA



SOCIAL SECURITY SYSTEM IN ARGENTINA

The Social Security System in Argentina has accomplished important milestones in extending coverage in recent years. However, its operation presents critical aspects that need to be addressed. The System has difficulties in providing high levels of coverage through the contributory regime, due to the difficulties presented by workers' (discontinuous) work histories and the consequences of unemployment and informality at work. On the other hand, there are also insufficiencies in the quality of the service that condition the substitution, completeness and proportionality of the benefits, while there is

little evidence of transparency in the funding sources and transfers of resources between the different social security schemes, to which a worker can belong. Lastly, coordination and articulation problems persist between these regimes at the national, provincial and municipal levels.

Based on this diagnosis, at the end of 2017, the Social Security Secretariat at the Ministry of Labour, Employment and Social Security prioritised a management and dialogue strategy aimed at strengthening the coverage, the quality of the service and the sustainability of the social security system from an integral and comprehensive approach.

In 2016, the Argentine government created the Social Security Sustainability Council,

which is in charge of, within a term of three years, drafting a bill that contains a new universal, comprehensive, supportive, public, sustainable and distributive social security regime. The Commission for Strengthening the Social Security System was therefore set up. It contains representatives from the worker and employer sectors, with participation from officials from the different national and provincial public agencies linked to Social Security. The purpose of this permanent Commission is to seek consensus on the basis for a future reformulation of the social security system. Lastly, the Commission for the Preparation of a Draft Social Security Code was established by the Ministry, with the objective of preparing a codification of the social security institutes.

To deal with the challenges Argentina is facing, the government is evaluating the implementation of a multi-pillar system. It was, therefore, interested in understanding the different design criteria for the pension systems in Latin America and the European Union. At the request of the Government, one of the actions carried out by the Social Policies area of the EUROsociAL+ Programme in Argentina is to support the updating of the Social Security System, through various specialist advisory activities and experience exchanges aimed at accompanying the Social Security Sustainability Council in preparing the Bill to be presented to Congress in 2019.

EUROSociAL has facilitated the participation by European experts in the International Seminar "Sufficiency and Preventive

Sustainability: the Challenges for Social Security”, co-organised together with the Ministry of Labour, Employment and Social Security (MTEySS), the International Labor Organization (OIT), and the Ibero-American Social Security Organisation (OISS) (2018). After the seminar, the EUROsociAL+ Programme signed a Declaration of Commitment with other organisations in order to “promote coordinated actions with the purpose of contributing to strengthening Social Security in Argentina”.

VISITS

EUROsociAL+ organised exchange visits to Europe in 2018, specifically to Italy, Germany and Sweden, where officials from the Social Security Secretariat—now under the Ministry of Health and Social Development—were able to obtain knowledge from their peers.

TECHNICAL ASSISTANCE

EUROsociAL+ provided support through experts who participated in several technical meetings throughout the year, together with the authorities and technical teams from the Social Security Secretariat, the National Social Security Agency ANSES and the Federal Social Security Council. In these meetings, different aspects of the contributory and non-contributory pillars were analysed along

with possible alternatives, taking into account that in Latin America, unlike Europe, the population is ageing extremely rapidly, which puts the sustainability of the pay-as-you-go system at risk.

The discussions carried out within the Ministry benefited from the international perspective provided by a programme such as EUROsociAL+, mobilising experts and public officials from various countries (Italy, Belgium, Chile). In the consultations carried out with EUROsociAL+, the main challenges facing the Argentine system were addressed, in light of international experience in the field.

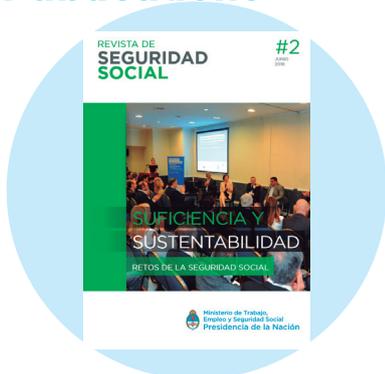
The authorities expressed their “satisfaction with the enriching exchange achieved during the week working with the expert from EUROsociAL+, who was able to interpret the main problems in the Argentine social security system”.

Activities undertaken:

- Specialist advice on the criteria for social security schemes;
- Exchange visit to Italy on the coverage of self-employed workers;
- Visit to Sweden and Germany to understand the social security scheme based on a notional accounts and points system;
- Expert advice on notional accounts with the Italian Istituto Nazionale di Previdenza Sociale; and
- Expert advice from Belgium on the use of a voucher for services for private home workers.

In sum, the advice contributed to improving the preliminary design of the system which it is hoped to achieve, distinguishing improvements in the construction of pillars to strengthen the logic of the system, and

Publications



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The EUROsociAL Programme supported the International Seminar “Sufficiency and Social Security Sustainability: The Challenges for Social Security”, co-organised with MTESS, ILO and OISS. See Social Security magazine No. 2 2018.

This publication contains the presentation by the European Union Ambassador to Argentina, Aude Maio-Coliche, regarding the Programme’s contribution to the social security reform process.

First-hand



GONZALO ESTEVARIZ BARILATIS
Letter of thanks from the national Secretary of Social Security

“The actions [...] have been of high interest and technical value, and are very relevant for the analysis of the lessons from European public policies, against the background of the debates regarding the Argentine social security reform”

adapting it to budget constraints and the challenges of ageing and of vulnerability that exist in the country.

EUROsociAL+ will continue accompanying the social security updating process until October 2019, supporting Argentine officials through participation in a critical, external look at technical assistance, to work on a document that will support the drafting of the bill.

COVERAGE

- 95.6% social security coverage for the elderly.
- However, difficulties persist in satisfying the requirement for 30 years worth of contributions (80% of retirees in 2015 did not meet this requirement due to gaps in contributions).

SUITABILITY

- Many self-employed workers only receive the minimum retirement income; and there are problems in updating the remunerations from calculating the initial salary and absence of mobility of salaries.

LEVEL OF SUBSTITUTION

- 59.9% of salaried employees with average remuneration and 30 years contributions.