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# Portability of Social Security Across Borders

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## Outline of presentation

- The why: social security protection for migrant workers & their families
- The how: unilateral, bilateral, multilateral?
- Social security agreements: global standard for portability/coordination
- Implementation of agreements by social security institutions
- Conclusions and future collaboration



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# The why

## An increasing reality

- 169 million international migrant workers = 4.9 % of global labour force
- 58.5 per cent men, 41.5 per cent women
- Asia-Pacific region of origin of one-third of migrant workers

# International commitments and initiatives



**ASEAN DECLARATION ON  
PORTABILITY OF SOCIAL SECURITY BENEFITS  
FOR MIGRANT WORKERS IN ASEAN**

# Vulnerability and economic considerations

- **Migrant workers face a triple challenge:**
  - High vulnerability and often work in risk-prone occupations
  - Have often low/no access to social security benefits (legal coverage limited, access barriers)
  - Are disadvantaged in accumulating long-term benefit rights
  
- **Migration plays an important economic role**



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# The how: unilateral, bilateral, multilateral?

# Social protection for migrant workers & their families



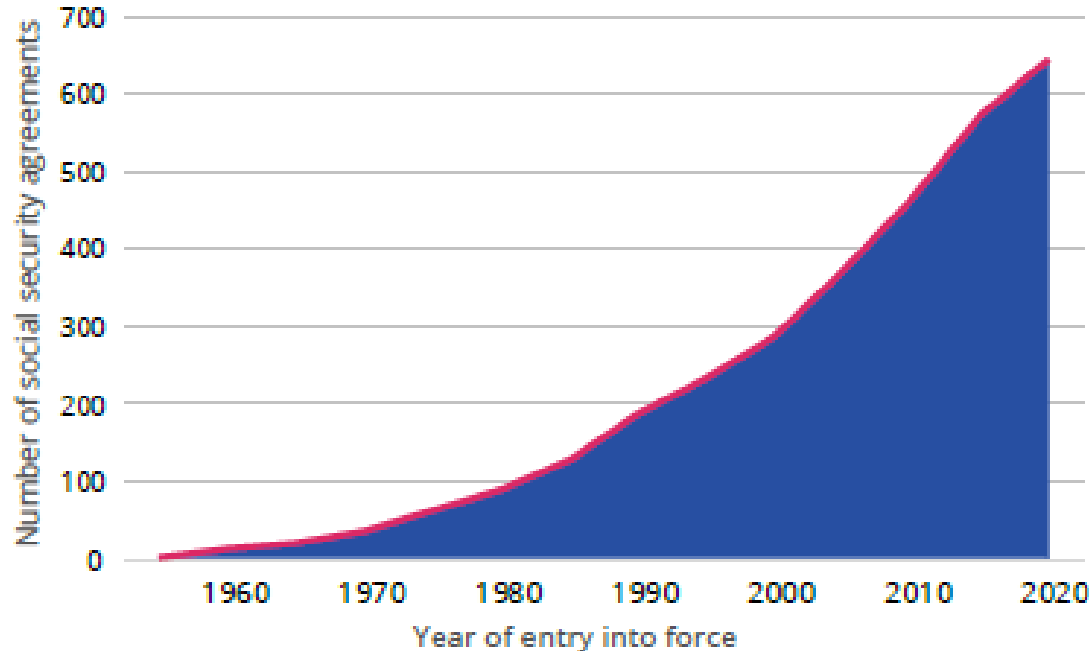


# Unilateral measures

- Countries of employment (destination)
- Countries of origin
- Overcoming access barriers



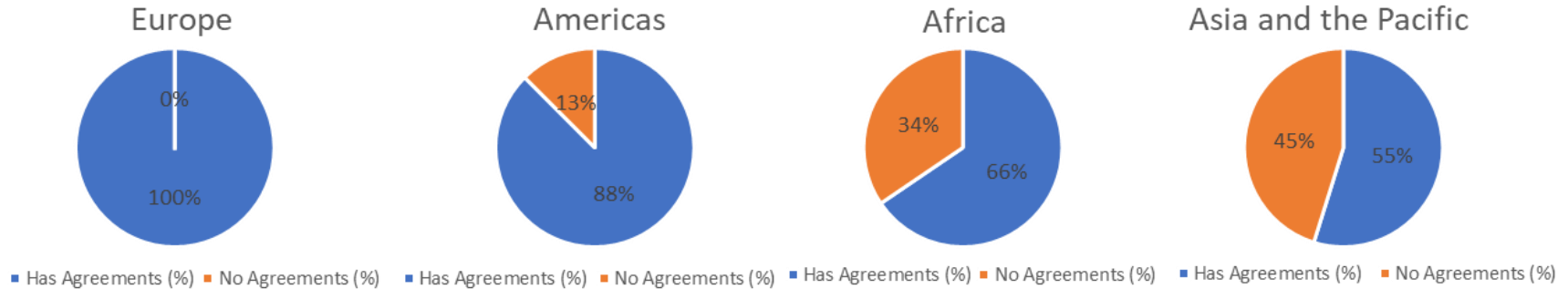
# Social security agreements (SSAs) around the world



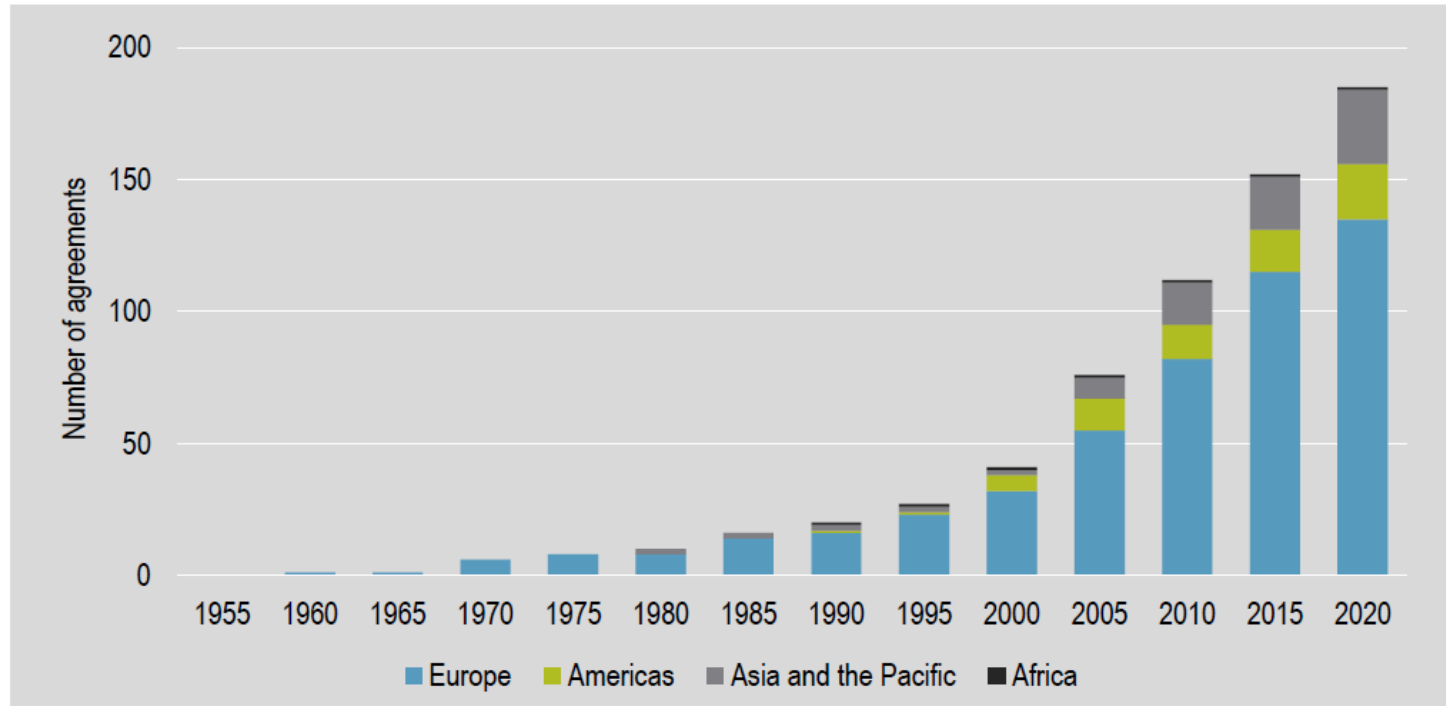
**Bilateral & multilateral agreements between countries to coordinate social security systems.**



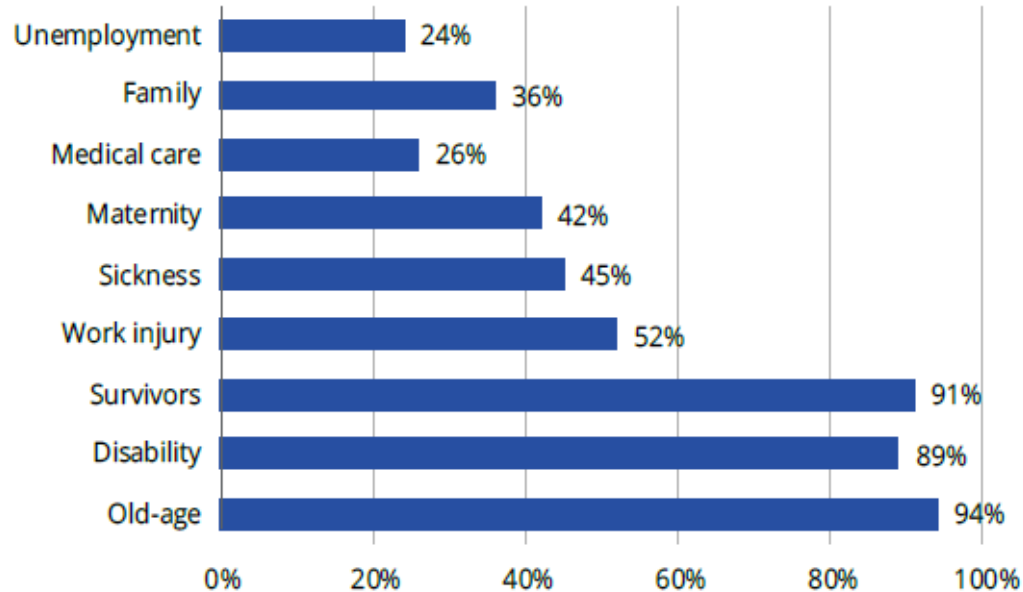
## Share of countries with SSAs, by region



# Number of bilateral agreements by partner countries – Asia and the Pacific, 1955-2020



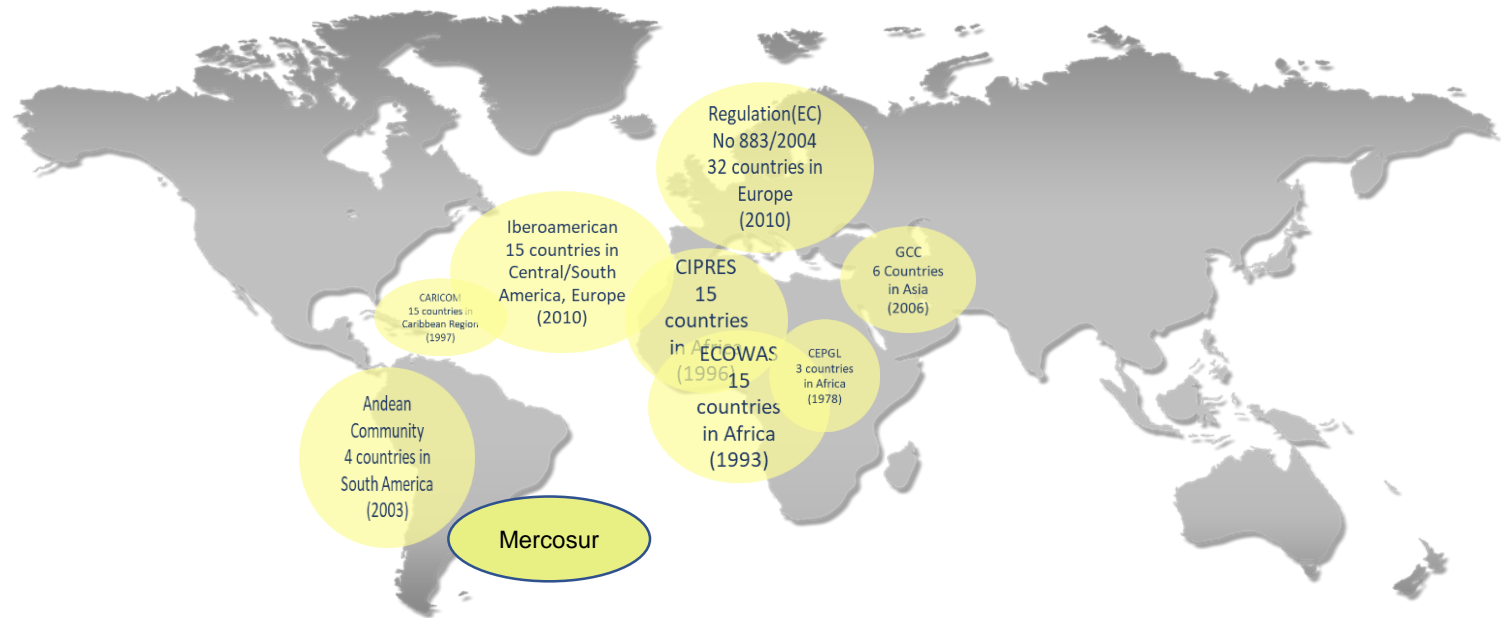
## Branches covered by SSAs, globally (2020)



Source: ISSA, 2021



# Multilateral agreements





### Bilateral social security agreements

- **Concluded between two countries**
- **Can result in different rights for migrant workers from different countries depending on whether covered by a SSA or not**
- **Easier to conclude than a multilateral agreement, more rapid, more tailored**
- **As there are only two parties involved, coordination and effective implementation may be easier in practice**
- **Need to do one for each country**

### Multilateral Social Security Agreements

- **Concluded between three or more countries, often on a regional basis**
- **Provide a uniform set of rules for all migrants who have worked in the signatory countries**
- **Ensure coherence with the objectives of economic regions and trade agreements, facilitates labor mobility within a region**
- **Can be more lengthy or complex to negotiate but may have stronger political leverage to include more reluctant countries within a region**
- **Can reduce administrative burden of implementation**



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# Social security agreements: key elements



## Preliminary clarifications – when negotiating a SSA...

- There is no need for harmonizing social security systems, no need for legal changes to a country's social security system
- One can have SSAs even if schemes are different (e.g. savings / social insurance) and economic development levels are different
- There is no need for paying benefits on behalf of other countries (...and be worried not to get the money back...)
- New electronic data exchange standards increasingly allow for efficiency, integrity controls and prevention of fraud in cross-border payments
- There is no need to treat everybody equally (e.g. minimum contribution periods)

# Objectives and key elements included in SSAs

## ■ Equality of treatment

- Non-nationals in a country have, to the extent possible, the same rights and responsibilities as nationals in the country
- Can extend to the worker only or also to his/her dependents

## ■ Exportability

- Reducing or eliminating restrictions on the payment of social security benefits to persons residing in the other country
- Acquired rights are guaranteed even if in the other territory
- Access/fees for payments abroad must be feasible

# Objectives and key elements included in SSAs

## ■ **Determination of applicable legislation**

- Clarity about which country's legislation is applicable under certain circumstances
- Avoiding double payment of social security contributions
- General rule that the legislation of the destination country applies
- Special rules for posted workers, with limited period of between one and five years usually
- Special rules for self-employed workers, government employees

## ■ **Maintenance of rights - totalization**

- Accumulation of qualifying periods under different countries' schemes
- Periods of contribution or residence in another country taken into account when considering entitlements
- Specifically important for benefits with long qualifying periods (e.g. pensions)

## ■ **Principle of reciprocity**

## ■ **Mutual administrative assistance – more later**

## Example for Totalization:

**Worker from State A**

**10 years worked in State A**

**10 years worked in State B**

**Qualifying requirement to access pension in state A is 20 years of insurance**

### ■ **Totalizing**

- 10 years insurance in State A + 10 years insurance in State B
- Eligibility condition for pension in State A is met!
- Each state pays prorata according to its own benefit calculation method
- If 20 years insurance give USD 100, state A pays US\$50 (1/2)

### ■ **Country B will pay according to its own rules for 10 years of coverage**

## Example: SSA between India and Japan

- **India: Employees' Provident Fund, lump sum on retirement**
- **Japan: Old-age pension social insurance scheme, 25 years insurance minimum qualifying period**
- **SSA signed in 2012**
  - Covering old-age, disability, survivor pensions
  - Regulates posted workers for up to 5 years
  - Equality of treatment
  - Totalization of contribution periods
  - Payment of benefits abroad
  - Administrative collaboration

## Advantages of the SSA?

### ■ Posted workers

- A Japanese national is sent to work in subsidiary of Japanese company in India for two years
- SSA enables to avoid double payment of contributions

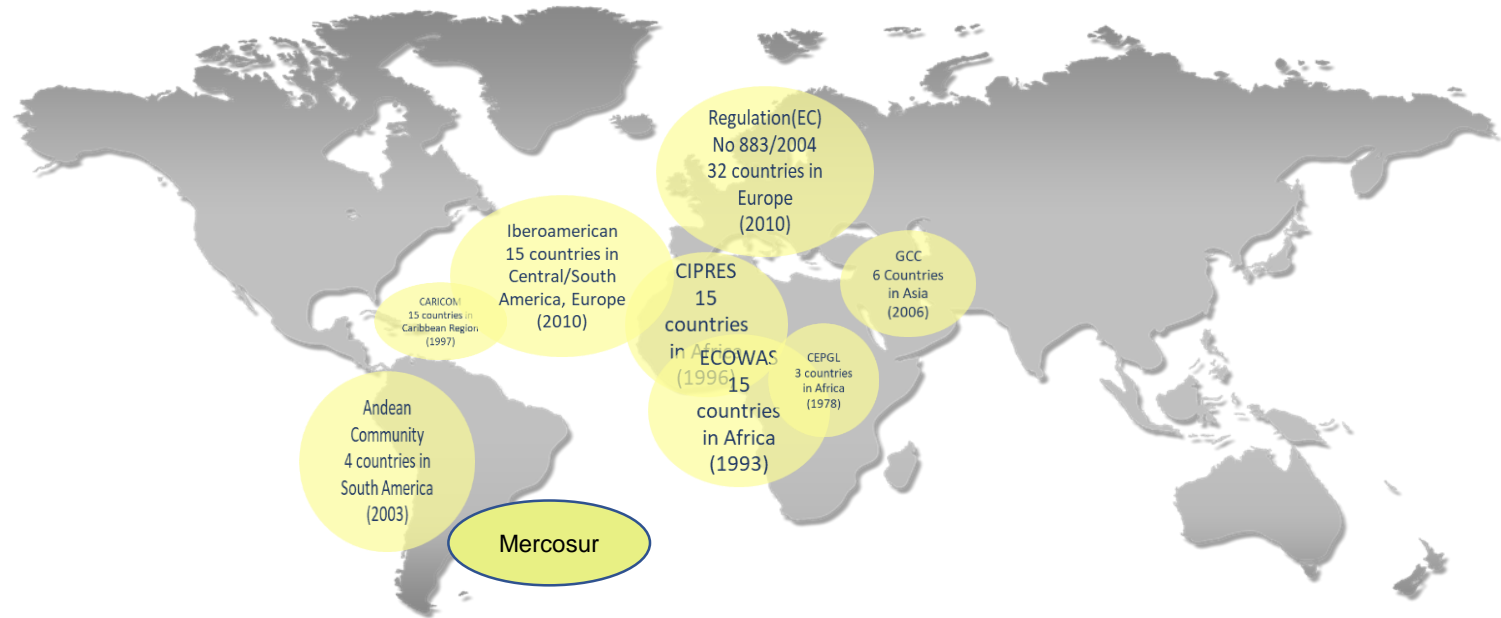
### ■ Totalization

- Indian worker works for 22 years in Japan, then returns to India and works for five years
- Totalization will ensure the 22 years of contributions are not wasted

### ■ Exportability

- Indian worker is attained by disability while working in Japan and returns to India
- Exportability allows for him/her to receive the benefit in India
- Japan receives administrative assistance and information on the beneficiary

## Example: multilateral agreements



# Mercosur - Introduction



- **Commercial and customs agreement of South-cone of America (1991)**
- **Includes:**
  - Argentina, Brazil, Paraguay, Uruguay, and Venezuela (2012)
  - Around 300 million persons
- **Multilateral SSA:**
  - Coordination instrument (did not change national social security systems)
  - Signed in December 1997
  - Entered into force: June 2005



## Key components

- **Totalization of non-overlapping working periods:**
  - Cumulating years worked in MERCOSUR countries in order to qualify for a pension
  - May include a third country with agreement with one of the parties.
  - Payment based on *prorata temporis*: each country pays a proportion of the national pension for the length of time worked in the respective country
- **Detached workers:**
  - Up to 2 years
- **Administrative collaboration:**
  - Exemption of fees and legalization requirements, etc.

## Governance

- **MERCOSUR Permanent Multilateral Commission on Social Security**
- **Up to three delegates for each country (ministries and social security institutions)**
- **Functions:**
  - Validate the application of the agreement
  - Provides advice to the competent authorities
  - Plans eventual changes
  - Solve discrepancies on the interpretation and application of the agreement
- **Working methodology: Consensus-oriented decision-making**

# How to get to a SSA?

- An eight-step process
- Political will and administrative readiness to implement





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# Implementing social security agreements – a key topic

# Administrative agreements

- **SSAs are always accompanied by administrative arrangements / forms**
  
- **Objectives:**
  - Determine the implementation practicalities
  - Define liaison offices and competent institutions
  - Define means of exchange of information for requests, statistical purposes etc.

## Points to be agreed between two countries

- What kind of forms?
- What information should they contain?
- In what language?
- Are there any exemption from administrative or other fees?
- Do documents need to be certified?

**And:**

- How should information be exchanged?

## Preventing undue payments, error, fraud

- Marriage, civil partnership, divorce and death play a significant role in the calculation of benefits
- When they happen abroad, how will the institution exporting benefits be informed? How does a country know it should inform?
- High risk for fraud and error
- Exchange of information is of vital importance – but how to do this efficiently?

## Paper or electronic exchange?

- Many bilateral agreements still use paper forms
- Multilateral agreements tend to provide electronic channels for the exchange of forms and structured information (EU, Mercosur)
- The ISSA is developing an innovative concept to support the electronic exchange of data between institutions implementing SSAs





# ISSA project on standard data exchange formats

- **Increasing need for international data exchange**
  - Operationalizing social security agreements
  - Performing integrity controls for cross-border payment
- **Implementing a systematic and efficient international data exchange remains challenging**
  - Often involves the implementation of specific data exchange systems from scratch for each separate SSA
  - The multiplicity of data exchange requirements leads to increased operational costs
- **What type of solution could be helpful ?**
  - Combining “ready-to-use” and customisation features
  - Modular and generic global tools facilitating the ICT implementation
  - Adaptable to various country/agreement scenarios covering the main involved tasks



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# Conclusions and collaboration

## Conclusions

- **There is a strong case for:**
  - Ensuring social security protection for migrant workers
  - Strengthening social security for migrant workers in each country
  - The conclusion of Social Security Agreements
  
- **Many countries and regions have already embarked on this, but there are large gaps to fill**
  
- **It's complex and requires some time – but important to build political will, necessary capacities and get started**

## Future collaboration on protection of migrant workers

- ISSA and ILO work closely to support countries and social security institutions in concluding and implementing bilateral/multilateral SSAs
- Knowledge transfer from experienced countries and regions
- Capacity-building
  - ISSA/ASSA workshop?
- ISSA working group on implementation of SSAs

## Further reading



### Global overview of international social security agreements

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### ► Extending social protection to migrant workers, refugees and their families

A guide for policymakers and practitioners



### Study Report on the Portability of Social Security Rights between ASEAN Member States







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