

**University of Sussex**

**Migration and Social Protection  
Conference – 5/6 November 2008**

**For the Good of the Global  
Economy**

**Role of social security in protecting  
migrant workers**



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Global migration is a potential win-win-win proposition for the source and host countries and the individuals themselves provided governments put in place adequate social protection schemes

### ***For source countries***

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- **Source countries can reduce labor oversupply in certain industries and/or unemployment and poverty**
- **Returning migrants raise the level of human capital in the source country**
- **Remaining families standard of living improves through remittances from the worker**

#### **Problems:**

- **Human capital drain - loss of specialist expertise eg. doctors, engineers**
- **Social dislocation – impact on families**

### ***For host countries***

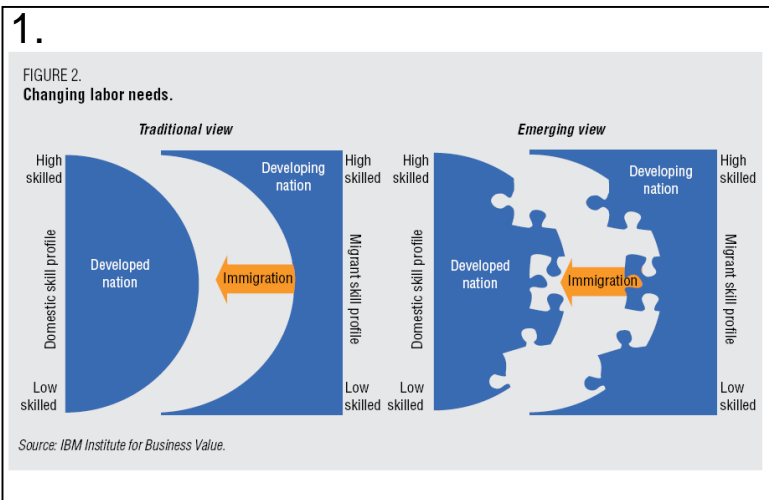
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- **Migrants can reduce labor shortages - supporting economic growth**
- **The quality of the human capital base can be raised**
- **There may be more contributors to the local social security system**

#### **Problems:**

- **Integration of migrants into society**
- **Lack of social protection leading to exploitation and long term hardship**

# Globalisation and changing demography are leading to different patterns of migration



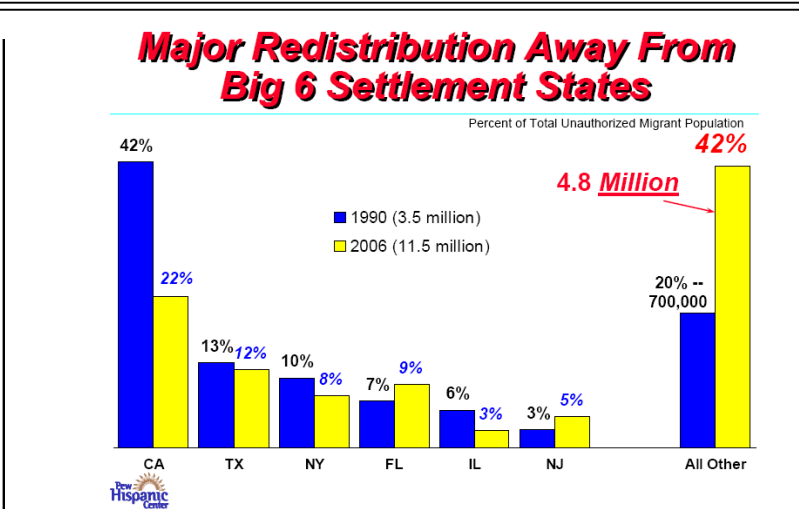
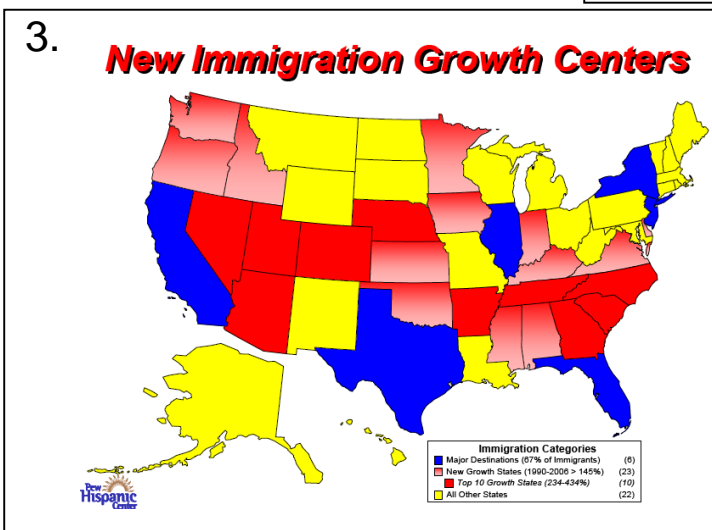
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**Traditional Drivers**

- Provide basic social protection for permanent migrants
- Ensure nationals were not disadvantaged through living and working in other countries
  - Totalization
  - No double contribution
- Facilitate cross-border employment for persons living in border regions
- Provide support to workers that were permanently displaced after WW2 to migrant hosting countries such as USA, Australia and Canada

**Emerging Drivers**

- Facilitate migration to address the skills shortages emerging in developed countries
- Extension of support for the freedom of movement of people, trade and services in accordance with EU regulations as the EU expands.
- Provide social protection for short term temporary migrants and multiple countries
- Cover a wider range of social risks
- Prevent social exclusion of migrants
- Prevent exploitation of foreign based workers
- Provide citizen choice, flexibility and transparency (e.g. medical tourism)



Where they are recognized, the social protection needs of migrants are addressed through bilateral/multilateral social agreements incorporating five core principles

1. **Equality of treatment:** an immigrant worker should have the same rights and obligations as regular residents (e.g., medical treatment)
2. **Determination of the applicable legislation:** such a worker has to be sure which country is responsible for his/her social protection and to which agency he/she goes to for these services
3. **Maintenance of acquired rights and provisions of benefits abroad:** any right should be guaranteed even in foreign countries (i.e., a migrant does not lose any entitlements due to the fact he is working abroad)
4. **Maintenance of rights in course of acquisition:** if a right is conditional upon completion of a qualifying period, account should be taken of periods served by the migrant in each country (known as *totalization*)
5. **Reciprocity:** a country which refuses equal treatment to workers from another country cannot expect that the other country will grant equal treatment to its own workers

Source: \*International Labour Organisation, Social Security Department, March 2006

The European Union has a multilateral agreement with rules for co-ordination that concern only the parts of national legislation that are liable to produce undesirable effects for the worker when crossing intra-European borders.

- Regulations (EEC) Nos 1408/71 and 574/72 co-ordinate the social security schemes of the Member States so as to protect migrant workers and their dependants. In 1983, the scope of Regulation 1408/71 was enlarged to cover not only workers and their dependants but also self-employed persons and their dependants
- These regulations cover four main principles
  - contribute only once, coverage in one place - only one legislation can be applicable, this avoids someone being covered in several Member States or not being covered in any Member State
  - equal rights for migrants with nationals - to avoid any discrimination based on nationality in the social security legislation of the immigrant country
  - portability or rights across borders - maintenance of acquired rights, so that benefits can be exported to claimants
  - totalization - retention of acquired rights to enable the aggregation of insurance periods and/or employment of residence when calculating rights to benefit.

Source: \*Schoukens Paul, *Prospects of Social Security Coordination*, ACCO, Leuven, 1997

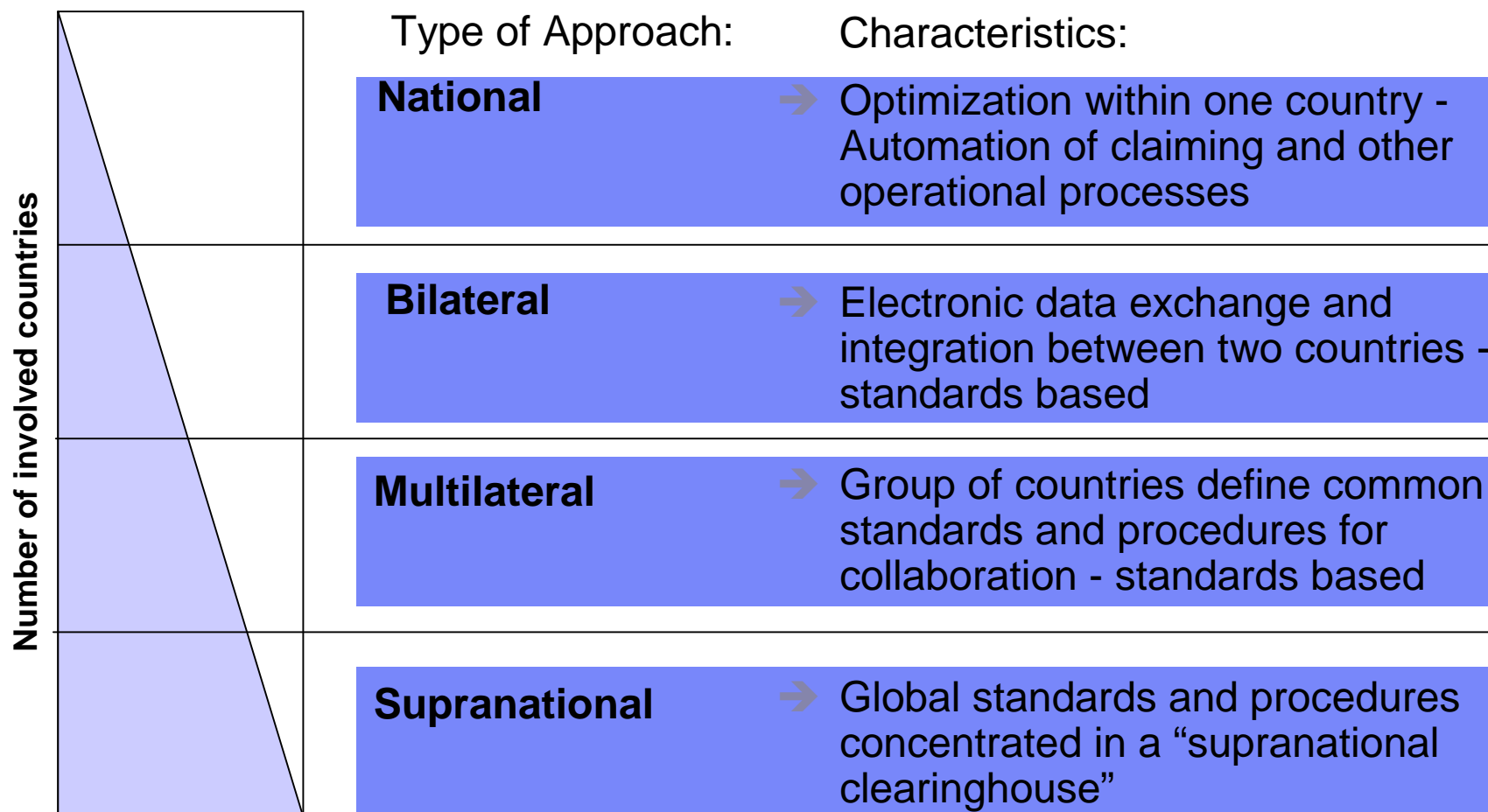
We concluded that administrative complexity for coordination between countries is a barrier to more effective and efficient social protection programs for migrant workers

## Complexity

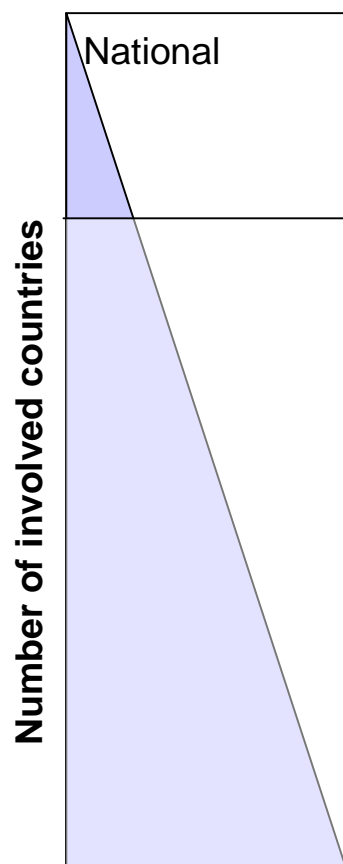
1. Multiple points of contacts for handling information and steps in the process
2. Different definitions and provisions that apply to national schemes.
3. Inability to retrieve and utilize accurate data first time through.
4. Lack of functionality in legacy systems is leading to manual work.
5. Regulations are not flexible to respond to new realities – multiple jobs, short term etc

1. Inability to react to short term labour market demands
2. Delay – Poor Service
3. Risk of error
4. Increased Cost

But given that migration is changing and will increase we need to make improvements. We have identified a 'maturity-model' of improvement opportunities ranging from in country actions through to increasing levels of international collaboration



The “National” approach is applicable to countries with decentralized operations and aims to drive efficiency and quality improvements throughout the national network



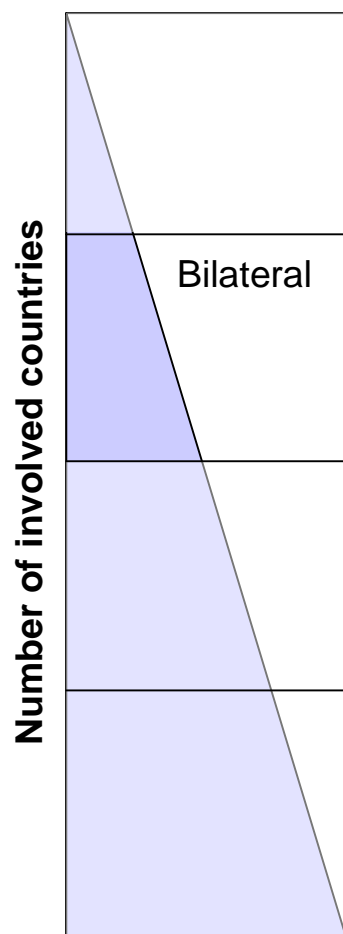
International social agreements essentially involve the application of rules based assessment. There are opportunities to automate core calculation processes to improve accuracy, improve efficiency and increase processing timeliness.

#### Actions

1. Definition of national standards for data and processing
2. Increase the degree of automation
  1. Apply the same disciplined and automated claims processing for agreement based cases as for domestic cases. Such cases are equally amenable to rules engine based processing
  2. Integration of processes and data with other social security agencies within the country
  3. Use of standard Services Oriented Architecture (SOA) services to deliver these and create a flexible platform for future development
3. Co-ordination of national rule sets and definitions (Central ‘clearing house’)



The “Bilateral” approach involves two countries implementing automated data exchange and collaboration strategies, leading to improved efficiency

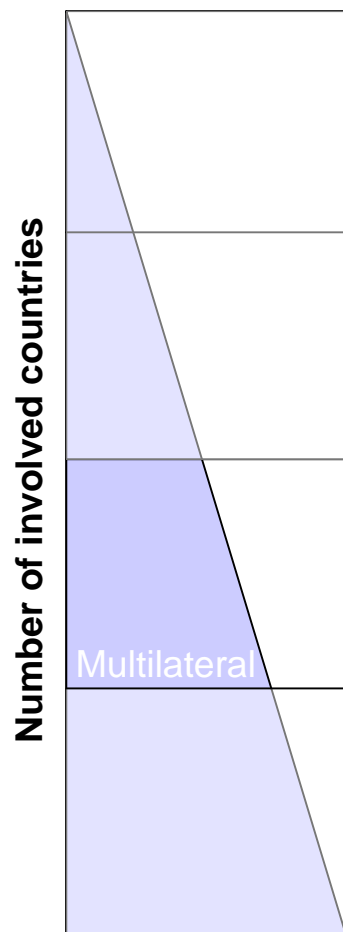


Operation of bilateral agreements inevitably involve a need to exchange data. There are relatively easy opportunities to automate data exchange, improving efficiency, accuracy and timeliness. Australia/New Zealand and Germany/Italy are countries that have made significant progress at this level.

#### Actions

1. Define bilateral standards for data and processing
2. Increase the use of electronic exchange of data and its use as a trigger in national (automated) systems
3. Process and data integration to other national social security agencies
  1. Use of standard Services Oriented Architecture (SOA) services to perform processes and manage the use of data
  2. Organisations acting as agents for one another including checks for identity, compliance and fraud

The “Multilateral” approach includes a group of countries that agree on certain standards for data exchange and processes

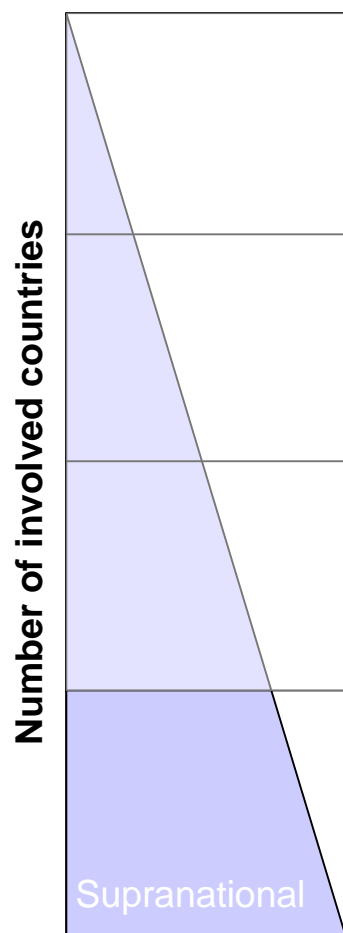


Operation of multilateral agreements such as the EEA (European Economic Area), CARICOM (Caribbean Community and Common Market) inevitably involve a need to exchange data.

#### Actions

1. Definition of multilateral standards for data exchange and processing
2. Multi-dimensional, multi-directional collaboration and co-ordination
3. Multi-lateral use of electronic exchange of data and its use as a trigger in national (automated) systems
4. Multilateral process and data integration to other national social security agencies
  1. Use of standard Services Oriented Architecture (SOA) services to perform processes and manage the use of data
  2. Organisations acting as agents for one another including checks for compliance and fraud

The “Supranational” approach is the foundation of a “multinational clearing house” with a single international competent authority managing the exchange of information to support international business processes

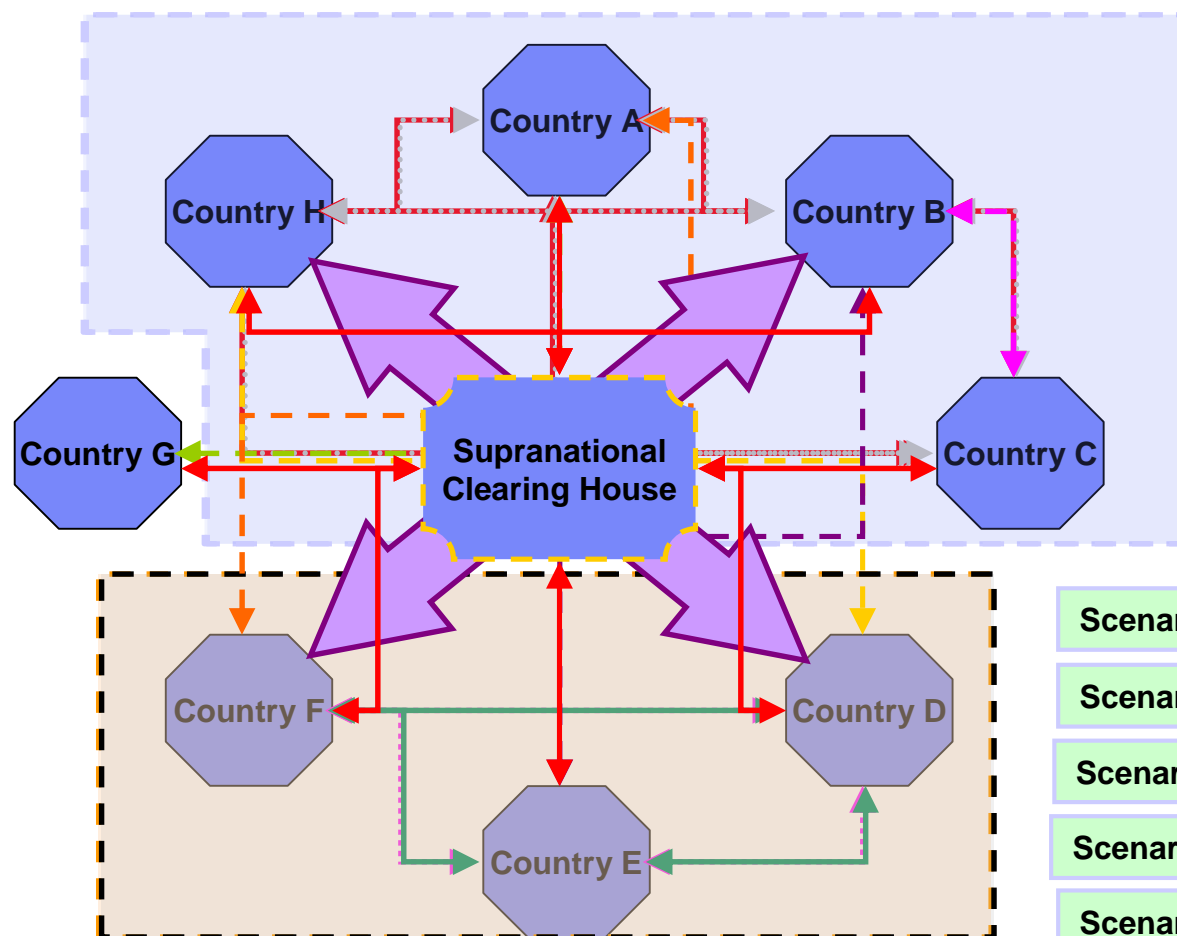


This is an advanced step in optimizing social protection business processes that will require significant international co-operation

#### Actions

1. One organization responsible for clearing social protection entitlements between countries under a 'hub and spoke' arrangement
2. Determine the competent institution(s) in each country that interface with the supranational body
3. Scope of operations is global rather than regional
4. Responsibility for interpreting and aligning schemes' rules and defining data standards lies with the supranational body
5. Partner organisations involved in governance
6. Manages conflicts between privacy protection and the obligation to exchange information

## A visual look at collaboration to facilitate coordination



Scenario 1: No Agreements in place

Scenario 2: Bilateral Agreements in place

Scenario 3: Multilateral Agreements in place

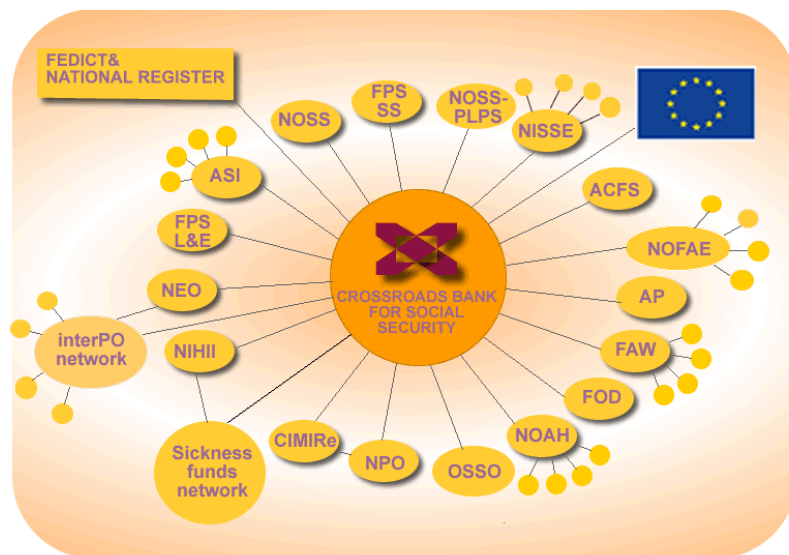
Scenario 4: Scenario 3 + automated exchange

Scenario 5: Trusted Relationships

Scenario 6: Supranational Clearing House

## Are there any signs that this could work?

### Belgian Crossroads Bank for Social Security – a broker business model for international coordination?



[www.ksz.fgov.be](http://www.ksz.fgov.be)

### Hague Multilateral Treaty for Child Support Enforcement – creating a legal framework

- 5 years to negotiate
- US signed in 2007
- Provides a basis for administrative co-operation

#### Models for Electronic Payment Processing

- Agency-to-agency disbursements
- Agency-to-custodial parent direct payments

#### Benefits

- Security
- Cost savings
- Efficiency
- Customer satisfaction

#### Challenges

- Privacy
- Currency Conversion
- Systems

## Six issues to consider for an international social sector exchange

- International competent authority
- Identification of person
- Conflicts between privacy protection and the obligation to exchange information
- Determining the competent institution in each country
- Understanding what has to be exchanged
- The ability to adapt business processes quickly

## Follow up

- [Chris.Brailey@uk.ibm.com](mailto:Chris.Brailey@uk.ibm.com)
- The report can be accessed at

[www-935.ibm.com/services/us/index.wss/industry\\_library/imc/a1000055](http://www-935.ibm.com/services/us/index.wss/industry_library/imc/a1000055)