

Preliminary Observations on Social Security and Health Care Systems of the BRICS

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This summary provides some preliminary findings of research on social security and health care policies in the BRICS countries. Thus far, our research demonstrates some basic institutional information about the social security and health care policies of the BRICS countries, as well as about their complementary policy aims.

Social security (old-age pensions)

India is the only BRICS country in which the private provision of **social security services** is as structurally relevant (and often even more) than the state-operated schemes. Public social security schemes are relatively limited—to public servant pension funds, public subsidies towards private pension plans, non-contributory programmes and fragmented sub-national initiatives.

India has the lowest absolute level of social security coverage. On the one hand, this cannot be attributed solely to the country's social security arrangements, particularly since India has a very small formal labour market; International Labour Organization data point out that 83.6 per cent of India's non-agricultural working population were informally employed in 2012, while 67.5 per cent of all those employed were working in the informal sector. On the other hand, when we look at the other BRICS countries regarding these same indicators (Brazil—42.2 per cent and 32.1 per cent; the Russian Federation—n.a. and 12.1 per cent; China—32.6 per cent and 21.9 per cent; and South Africa—32.7 per cent and 17.8 per cent), there is no clear, direct, self-evident correlation between the coverage and quality of the pension systems and the size of the informal labour market in these countries, except for possibly the Russian Federation.

Brazil presents an interesting case of institutional structure that makes contributory pillars¹ attractive, even for the large informal labour market. This is evidenced by the significant number of contributors in the informal labour market.

South Africa, which has the lowest employment-to-population ratio of the group, largely due to the legacy of Apartheid, presents an alternative strategy which is not so attractive for members of the informal labour market, but is rather successful at promoting a non-contributory (direct-benefit) pension option which serves to protect its large population which lacks the capacity to contribute to direct-contribution pension schemes (informal workers and, mostly, the unemployed).

Overall, the BRICS experiences echo the global trend calling for a multi-pillared approach to social security systems as the most effective arrangement—with the State directly providing a contributory option, in addition to supporting targeted non-contributory options and

policies stimulating regulated complementary private options. The BRICS countries with the most diversified social security set-ups and most proactive public programmes tend to be the ones with the highest rates of coverage.

Health care (access to)

Regarding **health care services**, **India** and **South Africa** are the BRICS countries that depend the most on public-private partnerships for health care provision, although they differ largely in that India has a more progressive set-up for ensuring access, yet room for improvement still exists in terms of enhancing cost-effectiveness and coordination. In contrast, the health care services subsidy policies of South Africa still fall short of reaching the most vulnerable populations.

Among the countries whose health care policies are more dependent on direct government provision, **Brazil** stands out as the one which does not charge formal user fees. To mitigate the gaps in coverage of its contributory initiatives, **China** is developing subsidy funds and non-contributory streams. **The Russian Federation's** big formal labour market makes it relatively easy to provide mandatory basic health insurance, though the country still faces the challenge of expanding voluntary health insurance coverage, which aims to mitigate the costs associated with more specialised health care services.

Brazil's need for health professionals, especially in less developed and rural areas, has pushed the country towards hiring foreign doctors.

If the BRICS countries find creative solutions to bridge language and cultural barriers, exchange initiatives could assist in addressing similar problems of social security and health care coverage. This is particularly important with respect to possible cooperation between the Russian Federation and Brazil, since Russia has a surplus of doctors as the demand in some areas has decreased as a result of the country's demographic changes and the restructuring that followed the end of the Soviet Union. This excess supply of health services and professionals in certain areas, however, does not mean there are not severe gaps due to regional inequalities and rationalisation issues in Russia.

References:

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- International Labour Organization (2014). Social Protection Department database, <<http://www.social-protection.org/gimi/gess/RessourceDownload.action?ressource.ressourceId=37897>> (accessed 5 May 2015).
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Note:

- This is in reference to a multi-pillared approach to social security systems consisting of: Pillar 1 (public non-contributory pension scheme), Pillar 2 (public contributory pension scheme) and Pillar 3 (private voluntary retirement savings plan/scheme).