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**ANALYSIS OF BILATERAL AND MULTILATERAL SOCIAL SECURITY AGREEMENTS AS
THEY RELATE TO PENSIONS**

(PRELIMINARY VERSION FOR COMMENTS)



**Organización de los
Estados Americanos**



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Presented during the Second Meeting of the Working Groups of the XVIII Inter-American
Conference of Ministers of Labor (IACML)

Cartagena, Colombia – April 28th to 30th, 2015

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BACKGROUND

At the XVIII Inter-American Conference of Ministers of Labor (IACML), held in Medellin, Colombia in November 2013, the *Plan of Action of Medellin* was adopted. Article 6e of the Plan states that the ministers “(hereby agree) to analyze experiences with bilateral and multilateral social security agreements in order to identify alternatives for designing and proposing a hemispheric mechanism that could facilitate the recognition of nominal pension contributions and pension rights of migrant workers in OAS member States, according to national legislation and as appropriate.”

In order to comply with the preceding mandate, a study was launched in order to analyze the different types of bilateral and multilateral social security agreements which are currently in force within the Americas. The purviews of these agreements were to be reviewed with a particular emphasis on pensions. Additionally, a thorough review of the theoretical and practical aspects was to be performed in order to identify “similarities and differences as well as the main challenges and best practices related to the implementation of these agreements, with a special emphasis on the issue of pensions. The document will comprise one to two case studies, provide recommendations and alternatives for the design of (such agreements), and propose a hemispheric mechanism for same, in line with that which is proposed under the Plan of Action of Medellin.”¹

Chapter 1 of this is an analysis of agreements and exogenous factors that impact agreement scope. Chapter 2 is an analysis of the practical operation of agreements based on data on the main indicators that impacted agreements selected from a sample of 10 countries, as well as responses to a questionnaire sent to countries. The questionnaire was designed to compile first-hand data entities charged with managing the agreements on the ground, in addition to any challenges they might be currently facing with regard to same. The third chapter is comprised of two case studies. The document concludes by offering findings and recommendations aimed at improving bilateral and multilateral social security agreements, which are made based on the findings of the study.

The report which follows is the preliminary version of the proposed study, to be presented at the Second Meeting of the Working Groups of the XVIII IACML to be held in April 2015, with an eye to eliciting comments from the ministries of labor in attendance. The final version of the study will summarize said comments and will be presented during the time period preceding XIX IACML, to be held in November 2015.

The study was developed by the Inter-American Conference on Social Security (CISS) Secretariat’s General Coordination and the Department of Social Inclusion, Executive Secretariat for Integral Development of the OAS, with the support of specialized consultants financed by the Inter-American Network for Labor Administration (RIAL). Consultant Valentín Vargas, drafted sections 1 and 2 of the study and its appendices, and consultant Walter Arrighi, provided the basis for the case studies in section 3.

¹ Reference terms from *Analysis of bilateral and multilateral social security agreements* study. IACML Working Group document *CIMT-18/GT1-GT2/doc.4/14*, September 2014.

1. CONTEXT

The significant contributions which bilateral and multilateral agreements have made to efforts designed to improve migrant-worker social security and pension rights are indisputable. On numerous occasions, however, it has been noted that these agreements have yet to achieve their fullest potential.

A thorough analysis focused on the issue of pensions within the wider purview of bilateral and multilateral agreements social security agreements currently in force, necessitates a review of these systems' coverage, effectiveness and principal determinants (migration, labor market informality and shifts, and recommendations to provide social protection floors).

1.1 Scope of analysis

In order to define this study's scope of analysis, a review was inducted of the following sources: the lists of bilateral agreements published by the *Organización Iberoamericana de Seguridad Social* (OISS), the list of agreements compiled by the Inter-American Center for Social Security Studies (CIESS), the US Social Security Administration and Canadian programs OAS and CPP. A list was then compiled that includes 79 bilateral agreements signed between 1966 and 2014; which, in turn, corresponds to 158 agreements if one were to tally the agreements on a per-country basis.

Of the 79 agreements on the compiled list: 73% include the issue of pensions and other benefits, and only 27% had a purview limited to medical benefits and other social security issues. Two of the 79 are no longer in force because of a failure to reach an accord with regard to management of the agreement, four were repealed due to the signing of the MERCOSUR accords, and eight were repealed due to the signing of the *CMISS Implementation Agreement*. CMISS is the acronym for Latin American Multilateral Agreement on Social Security.

Central America stands out as a region which only has agreements in force for the delivery of medical services or for cooperation on social security issues other than pensions.

Currently, there are two agreements that are pending entry into force. They were signed respectively between Argentina and Peru, and Chile and Colombia.

Table 1. Scope of analysis

Type of agreement	Number of agreements	Percentage
Purview includes pensions	58	73.4
Purview limited to benefits, social security issues other than pensions	21	26.6
Total	79	100.0
Repealed due to MERCOSUR	4	N/A
Repealed due to CMISS	8	N/A

Source: Leopoldo Valentín Vargas, 2014.

86% of all bilateral agreements signed by 37 countries (the Americas: 35; Europe: 2) are concentrated within five countries: Canada (22), Uruguay (14), Spain (13), Chile (10) and Argentina (9). The international average is two agreements per country.

Table 2. Summary of bilateral agreements and accords²

States	Total	Bilateral agreements currently in force		Not in force	MERCOSUR signatories	CMISS Implementation Agreement
		Pensions	Medical care and other benefits			
OAS member states	139	97	42	4	8	14
North America	31	27	4	0	0	0
Canada (Agreement with OAS members, including 5 in Quebec)	22	22	0	0	0	0
United States of America (Agreements with OAS members)	2	2	0	0	0	0
Mexico	7	3	4	0	0	0
Caribbean	16	14	2	0	0	0
Antigua and Barbuda	1	1	0	0	0	0
Bahamas	0	0	0	0	0	0
Barbados	2	2	0	0	0	0
Cuba	1	0	1	0	0	0
Dominica	2	2	0	0	0	0
Grenada	1	1	0	0	0	0
Guyana	0	0	0	0	0	0
Haití	0	0	0	0	0	0
Jamaica	2	2	0	0	0	0
Dominican Republic	2	1	1	0	0	0
Saint Kitts and Nevis	1	1	0	0	0	0
Saint Vincent and the Grenadines	1	1	0	0	0	0
Saint Lucia	2	2	0	0	0	0
Suriname	0	0	0	0	0	0
Trinidad and Tobago	1	1	0	0	0	0
Central America	30	3	27	0	0	2
Belize	1	0	1	0	0	0
Costa Rica	4	1	3	0	0	1
El Salvador	3	1	2	0	0	0
Guatemala	5	0	5	0	0	0
Honduras	4	0	4	0	0	0
Nicaragua	7	0	7	0	0	0
Panama	6	1	5	0	0	1
Andean Nations	18	14	4	2	0	5
Bolivia	1	1	0	0	0	1
Colombia	5	3	2	1	0	2
Ecuador	4	2	2	0	0	1
Peru	4	4	0	1	0	0
Venezuela (República Bolivariana de)	4	4	0	0	0	1
Southern Cone	44	39	5	2	8	7
Argentina	9	8	1	1	2	1
Brazil	7	6	1	0	2	0
Chile	10	10	0	1	0	0
Paraguay	4	2	2	0	1	0
Uruguay	14	13	1	0	3	6
Other Iberoamerican states	19	19	0	0	0	2
Andorra	0	0	0	0	0	0
Spain	13	13	0	0	0	1
Portugal	6	6	0	0	0	1
Total	158	116	42	4	8	16
Total bilateral agreements	79	58	21	2	4	8

Source: Leopoldo Valentín Vargas, 2014.

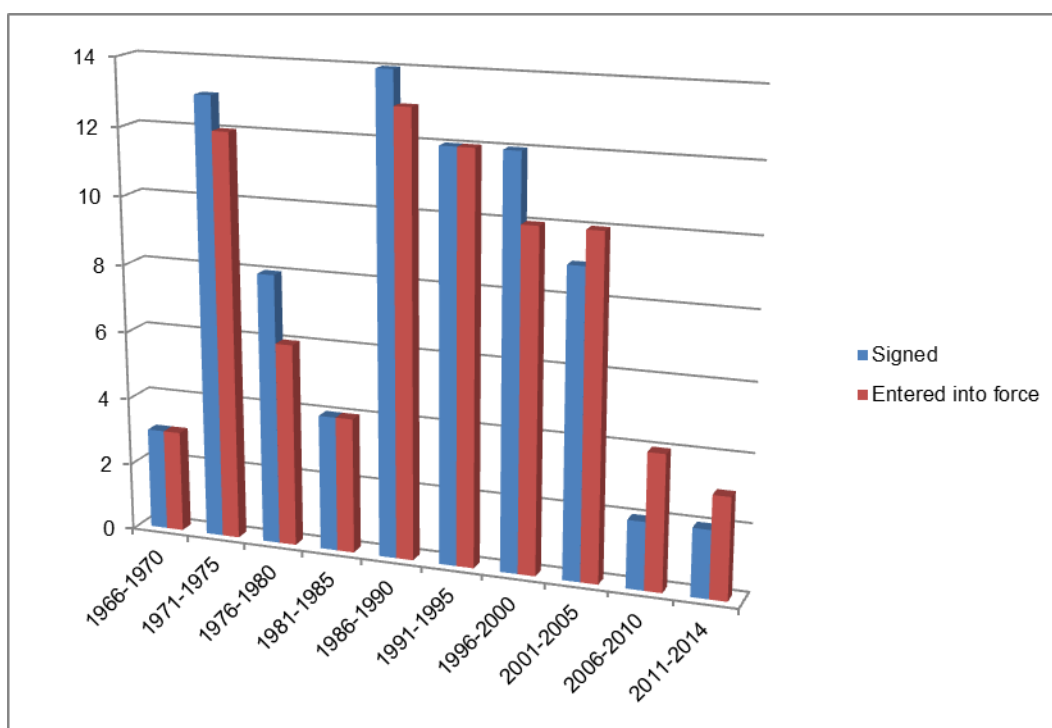
² Totals include those agreements/ accords not subsumed by subsequent agreements.

1.2 Bilateral social security agreements and accords

The recognition, on the part of States, of a citizen's right to social security coverage is reflected in their signing of bilateral agreements on this very issue. The first such accords were signed in the mid-1960s and the latest in 2014.

There are two periods in which the signing of social security agreements in Latin America experienced significant increases. The first occurred between 1970 and 1980, and the second between 1986 and 2005.

Figure 1. Signing and entry into force of agreements, in 5-year increments



Source: Leopoldo Valentín Vargas, 2014.

In 2005, Uruguay's bilateral social security agreement with Argentina, Bolivia, Brazil and Paraguay were repealed, as was the agreement between Argentina and Brazil, in order to make way for MERCOSUR. The MERCOSUR agreements included the right to reside and work within any of the common market nations for any MERCOSUR citizen meeting the applicable immigration requirements.

Through the signing in 1978 of the Ibero-American Social Security Agreement (*Convenio Iberoamericano de Seguridad Social*), Uruguay replaced its bilateral agreements (signed with Bolivia, Colombia, Costa Rica, Ecuador, Spain, Paraguay and Venezuela) with the aforementioned CMISS. Argentina followed suit with the repeal of its agreement with Colombia and Panama, as well as an agreement with Spain.

When grouped by OAS sub-region, 34.5% of agreements were signed by Southern Cone countries, 26.6% by Central American nations, 17.1% by the US and Canada, and 10.0% by nations within the Andean sub-region.

With regard to the evolution of bilateral migration agreements into multilateral agreements, the Southern Cone and the Andean sub-regions are clear standouts.

1.3 Multilateral social security agreements and accords

During the analysis of the bilateral conventions, several were found to have ceased to remain in force whereas they had been subsumed into one of the multilateral conventions described below.

1.3.1 Latin American Multilateral Agreement on Social Security (CMISS)

The precursor of the CMISS, the *Iberoamerican Social Security Agreement*, was signed in Quito on January 26, 1978, and was the widest-reaching social security accord yet put forth by the *Organización Iberoamericana de Seguridad Social* (OISS). This version was later replaced by the CMISS, which was signed on November 10, 2007 and remains in force as of 2015.

The primary aim of the CMISS is “to comprise an instrument for coordinating national legislation on pensions that guarantees the rights of migrant workers and their families, (provide) protection under the social security schemes of the different Ibero-American States, in order that they might reap the benefits of their work while residing in their host countries.”

Of the 22 countries eligible to sign the agreement, the CMISS reports³ that, as of May 2014, signatories include the following:

- The CMISS is in force in eight countries (36% of its signatories): Bolivia, Brazil, Chile, Ecuador, El Salvador, Spain, Paraguay and Uruguay;
- Four countries (18%) have ratified the CMISS, but are currently waiting to sign the Implementation Agreement (*Acuerdo de Aplicación*): Argentina, Venezuela, Peru and Portugal;
- Three countries (13.6%) have signed the CMISS and are awaiting ratification: Colombia, Costa Rica, Dominican Republic;
- Seven (32%) eligible nations have not signed the CMISS: Andorra, Cuba, Guatemala, Honduras, Mexico, Nicaragua and Panama.

According to the *OISS Strategic Plan for 2014-2018*, the CMISS goal for 2018 is to have 18 signatory countries and 15 countries with the agreement in force.

However, as Juan Carlos Cassagne suggests in [Estudios sobre Seguridad Social](#), a compendium published by the OISS on the occasion of its 60th anniversary, "the major problems encountered in the implementation of the CMISS lie in its lack of direct

³ [Revista BIOISS, #56](#). OISS publication, May 2014.

effectiveness and its failure to expand its scope to nations that fall outside the CMISS purview,” such as Canada and the United States of America, among others. And this means “in the field of social security, [*that the gamut of problems*] ranges, on the one hand, from a (partial to total) lack of protection in the case of migrant workers, failure to observe the principles of equal treatment, failure to adequately synchronize legislation [*among signatory nations*], failure to respect rights gained or slated to be gained under the CMISS to inequalities generated by asymmetries in social security schemes and an overall promotion of the informal economy, on the other.”⁴

1.3.2 CARICOM Agreement on Social Security

The geographical characteristics of the sub-region within its purview make the *CARICOM Agreement on Social Security* an especially important case study for analyzing the issue of social security.⁵

From its first stirrings in 1968, under the auspices of the Caribbean Free Trade Association (CARIFTA), has intensified its market-integration process. In 2002, it established a unique framework in which goods, as well as services, capital, technology and experts) are able to move about freely; consequently, Caribbean citizens are free to create a company in the market of their choosing throughout the entire CARICOM zone.

Pension schemes within CARICOM⁶

In 1996, CARICOM signed its *Agreement on Social Security*, which entered into force in April 1997. Its objectives include guaranteeing CARICOM citizens the right to social benefits, providing equal treatment when they move from one country to another, and facilitating labor mobility within the region. The Agreement also addresses the issue of aggregate accumulation of contribution periods from each of the countries in which an individual works.⁷

The Agreement applies to individuals, family members and survivors who are citizens of CARICOM member States, and addresses the following benefits: invalidity pensions; disablement pensions; old age or retirement pensions; survivors' pensions, and death benefits in the form of pensions.

The Agreement views the harmonization of social security legislation throughout the CARICOM member States as a means to promote regional cooperation and unity. It

⁴ Juan Carlos Cassagne, *Hacia la operatividad del Convenio Multilateral Iberoamericano de Seguridad Social*, pag. 229-238. OISS, Estudios sobre Seguridad Social, 60 años de la Organización Iberoamericana de Seguridad Social, 2014.

⁵ CARICOM includes 20 nations and British overseas territories. Full members: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Granada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago. Associate members: Anguilla, Bermuda, Cayman Islands, Turks and Caicos Islands and the British Virgin Islands.

⁶ Synopsis based in part on the study by Hernando Pérez Montás, entitled [Sinopsis de los sistemas de seguridad social en el Caribe Anglo 2013](#), published by the Inter-American Center for Social Security Studies (CIESS).

⁷ CIESS, OIM, OIT y OEA (2010). “Migración y seguridad social en América”.

stipulates that rights held, or in the process of being acquired, must be maintained, regardless of changes in an individual's Country of Residence due to immigration.

However, the fact that the social security coverage provided by each CARICOM member-state varies, full compliance with the Agreement has, to date, eluded the signatories.

As indicated in the CIESS study by Pérez Montás, the number of enrollees who have validated their acquired rights has been very limited. This is due, inter alia, to the effects of rising unemployment and informality, as well as the return of a large population of workers having returned to their country of origin of prior to completing their compulsory qualification periods. Early returns prevent these individuals from completing their compulsory contribution periods stipulated in the CARICOM agreement with regard to validating rights acquired in another country.

“Another factor that has contributed to a failure to validate rights (of CARICOM enrollees) is rooted in the region's migration patterns. In fact, the migratory flow within the CARICOM zone is less intense than (that of CARICOM immigration to) the United States or Canada.”⁸

Table 3. CARICOM migration

Destination	Immigrants	%
Caribbean	499,855	13.6
Central America	8,807	0.2
South America	49,460	1.3
North America	2,726,845	74.3
Subtotal	3,284,967	89.4
Outside the Americas	387,458	10.6
Total	3,672,425	100.0

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs.

Furthermore, the pension system and non-contributory defined benefit (i.e., no contributions made by enrollees), operate on an unfunded basis. As national social security schemes were launched in recent decades, the benefits profiles of these plans were not adjusted or "integrated" vis-à-vis the resources available in said schemes, resulting in joint replacement rates that at times exceed 100% of the employee's salary at retirement.”⁹ This dynamic has resulted in the systems being unviable, as costs currently exceed contribution levels.

⁸ *Ibid.*, Hernando Pérez Montás.

⁹ *Ibid.*, Hernando Pérez Montás.

1.3.3 MERCOSUR Multilateral Agreement on Social Security

This agreement entered into force in 2005 throughout the Southern Cone trade zone and is recognized as one of the most advanced in the region due to its effectiveness and coverage. As a result, it was determined to merit case-study analysis (see 3.2 *Case studies*).

1.3.4 SICA Multilateral Agreement on Social Security

The Central American Integration System (SICA) agreement was signed in October 1967. Signatories included Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and the Dominican Republic. Article 3 of the SICA Agreement states that it is designed to address legislation on medical services, maternity care, burial costs and benefits for the following: invalidity; old age; survivors; and workplace accidents and disease.

The SICA Multilateral Agreement on Social Security is currently not in force, whereas it has not been ratified by the signatory countries. To date, only Costa Rica has ratified the agreement.

1.3.5 CAN Andean Social Security Instrument

The Andean Community (CAN) currently comprises four member States: Bolivia, Colombia, Ecuador and Peru. The States approved CAN Decision 583, entitled the *Andean Social Security Instrument*, in May 2004. The measure aims to ensure that migrant workers and their beneficiaries, receive equal treatment within the CAN zone. It was also designed to eliminate all forms of discrimination; ensure the right of migrant workers and their beneficiaries to receive social security benefits while residing in another CAN country; ensure acquired rights and the continuity of benefits and contributions throughout the various CAN social security systems; and ensure the right of labor migrants and their beneficiaries to receive healthcare and economic benefits payable during their visit or residence in member States, in accordance with the laws of the host country.

At the VIII Meeting of the Andean Social Security Committee held in Lima, Peru in February 2013, the *Draft Regulations of Decision 583* were reviewed. These regulations are designed to allow the CAN agreement to guarantee the social security rights of Andean citizens working in any of the countries within the Andean Community.

1.4 Exogenous social security factors that affect agreement scope

External factors impact the scope, as well as the medium and long-term viability, of social security agreements. Said factors include migration, labor informality and shifts in production and labor practices.

1.4.1 Migratory trends

According to the United Nations Population Division, the stock of migrants¹⁰ in the world in 2013 amounted to 231.5 million people living outside their country of origin.¹¹ Of this total, 59.2 million migrants currently reside in the Americas; 34.8 million of these individuals are from countries within the hemisphere, while 24.4 million arrived from other parts of the world.

Of the 41 million migrants originating from within the Americas, 34.8 million migrated within the region and 6.2 million migrated to nations lying outside the hemisphere. Of the 6.2 million migrants residing outside the region, 2.4 million are in Spain and 200,000 in Portugal.

In the Hemisphere, the main poles of attraction are the migratory subregions of North America and South America. In North America, 99.5% of the stock of migrants is concentrated in the United States; and in South America 62% of the stock of migrants is concentrated in Argentina and Venezuela.

It is important to keep in mind that, as of the writing of this report and with the exception of Canada and Chile, the United States, has not signed a bilateral social security agreement with any nation within the hemisphere; in spite of the fact that it is the leading receptor of migrants in the Americas.

Table 4. Emigrants and immigrants from countries within the Americas

Subregion	Total population*	Total emigration within the Americas	% of subregion population	Total immigration within the Americas	% of subregion population
North America	355,361,8	4,300,1	1.2	27,578,3	7.76
Mexico and Central America	167,387,5	17,445,8	10.4	1,774,8	1.06
<i>Mexico</i>	122,332,4	13,212,4	10.8	1,042,3	0.85
<i>Central America</i>	45,055,1	4,233,4	9.4	732,5	1.63
Caribbean	42,517,4	7,705,8	18.1	1,071,0	2.52
South America	406,739,7	1,155,2	0.3	4,330,6	1.06
Total	1,139,393,9	41,003.7	3.6	34,754,7	3.05

*Population count at mid-year.

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs.

In the Western Hemisphere, emigration is concentrated in the subregion of Central America and South America, while *immigration* primarily occurs in North America.

¹⁰ The stock of international migrants refers to the stock of foreign-born residents. Most statistics used to estimate the international migrant stock were obtained from population censuses.

¹¹ United Nations, Department of Economic and Social Affairs, Population Division. [Trends in International Migrant Stock: The 2013 Revision](#) (United Nations database, POP/DB/MIG/Stock/Rev.2013)

Table 5. Emigration and immigration percentages

Subregion	Total emigration within the Americas	Total immigration within the Americas
North America	10.5	79.4
Mexico and Central America	42.5	5.1
Caribbean	188	3.1
South America	28.2	12.5
Total	100.0	100.0

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs.

Regardless of the forms and causes that are determinant in an individual's emigration or immigration status, a high percentage of migrants end up joining the formal or informal labor market. Most migrants are of working age and a significant proportion is of retirement age.

Table 6. Immigrant population within the Americas, by age group

Subregion	Immigration (persons)	% of population 0-19 years	% of population 20-64 years	% of population 65+ years
North America	53,088,200	9.0	78.8	12.2
<i>Canada</i>	7,284,100	10.9	72.7	16.4
<i>USA</i>	45,785,100	8.7	79.7	11.5
Mexico and Central America	1,915,700	44.0	50.8	5.2
Caribbean	1,407,300	26.0	66.4	7.6
South America	2,814,500	15.5	68.5	16.0

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs.

In short, these bilateral or multilateral social security agreements would target a population of 45.7 million contributors and 7.1 million pensioners.

Table 7. Immigrant population within the Americas, by age group (totals)

Subregion	Immigrants	Population aged 0-19 years	Population aged 20-64 years	Population aged 65+ years
North America	53,088,200	4,777,900	41,833,500	6,476,800
<i>Canada</i>	7,284,100	793,967	5,295,541	1,194,592
<i>USA</i>	45,785,100	3,983,304	33,285,768	5,265,287
Mexico and Central America	1,915,700	842,908	973,176	99,616
Caribbean	1,407,300	365,898	934,447	106,955
South America	2,814,500	436,248	1,927,933	450,320
Total	59,225,700	6,422,954	45,669,055	7,133,691

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs.

It is important to consider that the analysis of migration and its impact on social security used in the study was based on migration data calculated from stocks recorded by nations in their censuses. However, other methods of calculation exist which are based on immigration data. This data highlights another potential population that might be included in the purview of social security agreements; a population which is currently lacks coverage.

The data utilized in 2012 by the OAS to prepare its *Second Report of the Continuous Reporting System on International Migration in the Americas* (SICREMI) estimated migration from annual visa records and/or immigration permits; it also classifies immigrants into permanent or temporary categories.¹² As a result, seasonal or temporary immigration has not been considered within the social security agreements. This is a significant population who is currently not accumulating periods of contribution and therefore considered falling within the informal population, with all the implications this has for the host-country social security systems; and, particularly, for migrants and their families.

Workforce skills and migrant education

A migrant's educational level has important implications for workplace skills and an individual's ability to integrate into a given social security system. According to the SICREMI analysis on 2010-2011 migrant education levels, one in three migrants from the Americas had limited education (i.e., limited to lower secondary education). This was the case even when the migrant population was proportionally larger than their host-country education cohort peers and remains unfavorable when compared to the 15% of migrants who have university studies.

¹² [Second Report on International Migration in the Americas \(SICREMI 2012\)](#). OAS/OCDE/IADB publication.

It is generally recognized that migrants with higher education are better trained than those with low levels of education to take advantage of job opportunities, finance their migration and integrate into a formal labor market that includes access to social security.

For those with lower levels of education the relative returns of their migration are higher, as they enable the migrant to overcome the barrier of migration costs especially when financed with loans. The most notable case is that of Mexico, which has a common border with the United States and the concomitant migration networks that, in turn, undoubtedly drive migration among less-educated individuals who are generally not integrated into the formal-sector economy.

Retiree migration

A well-known trend in north-south migration is the flow of retirees who travel in search of warmer climates and cost-of-living rates that are lower than in the developing world. The most popular destinations involve migration by Americans and Canadians to Mexico, the rest of Latin America and the Caribbean. The number of US emigrants aged 55 years of age or older in Mexico and Panama increased significantly between 1990 and 2000. An increase of 17% was seen in Mexico, while an increase of 136% occurred in Panama during the period.¹³ This north-south emigration usually involves individuals who are enrolled in their country of origin's pension system, and who receive their benefit payments with relative ease.

1.4.2 Labor market shifts and informality

Labor informality constitutes a challenge, in and of itself; especially where Latin America and the Caribbean are concerned. The ILO estimates that 73.4% of the two lowest income deciles in Latin America and the Caribbean are part of the informal sector; this is to say, they lack social security coverage.¹⁴ Moreover, there is evidence indicating that although immigrants often enroll their host country's social security system, they often opt out of their country of origin's system. This is due to a host of issues and involves, for instance, populations such as migrant workers from Mexico who work in Canada.

Most agreements include a clause that stipulates that, at some point, length-in-system shall be determinant when deciding which system has priority; although this is not the case with the aforementioned Mexican migrants working in Canada. Approximately 70% to 80% of seasonal migrant farm workers from Mexico who work in Canada return to their country of origin for four months each year. Each new growing season means a return to work in Canada. During their stay in Mexico they generally use the time to rest and arrange formal-sector work.

¹³ Dixon D. et al, *America's Emigrants: US Retirement Migration to Mexico and Panama*. Migration Policy Institute, Washington, D. C. 2006.

¹⁴ FORLAC Program (*Programa de Promoción de la Formalización en América Latina y el Caribe*), Policies for the formalization of micro and small enterprises, Regional Office for Latin America and the Caribbean, ILO, 2014.

Added to this, the average contribution rate for the 15-64 age cohort in the Americas is 46.6%; i.e., less than half of the population enrolled in a given pension system is actively contributing to it.

Table 8.
Percentage of working-age population actively contributing to pension scheme

Subregion	%
Caribbean	55.5
Mexico and Central America	27.0
South America	30.2
North America	73.5
Average	46.6

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs.

Another issue that is increasingly relevant is the impact of production and labor market shifts have on social security systems. Factors include increased automation, global integration, improved production logistics, increased international competition, informal hiring by formal-sector firms, informal workers who produce at home for formal-sector firms, the disappearance of the traditional limits between salaried and non-salaried positions.¹⁵ This has all resulted in the institutional and regulatory frameworks of social security systems becoming overloaded.

1.4.3 Social Protection Floors

The 2008 economic and financial crisis impacted the entire globe. Social security agreements were no exception and, as a result, no bilateral agreements were signed during the period 2009-2014.

To address the consequences of the crisis countries members of various international organizations and forums (i.e., the ILO and subsequently the G20 and the UN), among other measures, championed the importance of social protection in society and an expansion of social security. Additionally, they continued to advance agendas which addressed the need for countries to incorporate social protection as a key ingredient during said expansion of social security systems.

At the 101st International Labour Conference held in 2012, member States adopted *Recommendation N° 202*, which states “...social security is an investment in people that empowers them to adjust to changes in the economy and in the labour market, and that social security systems act as automatic social and economic stabilizers, help stimulate

¹⁵ Berenice. P. Ramírez López, *El mercado laboral mexicano y los modelos de financiamiento de las pensiones*, Instituto de Investigaciones Económicas de la UNAM, 2014.

aggregate demand in times of crisis and beyond, and help support a transition to a more sustainable economy” and proposed “building social protection floors tailored to national circumstances and levels of development, as part of comprehensive social security systems”.¹⁶

“Social protection floors... should comprise at least the following basic social security guarantees:

- a) access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;
- b) basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- c) basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
- d) basic income security, at least at a nationally defined minimum level, for older persons. In light of the establishment of the recommendation on social protection by the ILO as a basic mechanism of coverage, it is advisable to analyze the scope of multilateral and bilateral agreements on social security.”¹⁷

In light of the ILO recommendations on the importance of employing social protection as a basic mechanism of social security coverage, an analysis of the scope of multilateral and bilateral social security would seem obligatory.

¹⁶ R202 - Social Protection Floors Recommendation, 2012 (No. 202). Adopted: 101st ILC session (14 Jun 2012); ILO.

¹⁷ Ibid., ILO, 2012.

2. ANALYSIS OF THE OPERATION OF THE AGREEMENTS AND ACCORDS

The following source material served as the basis for this section's analysis: a comprehensive review of the selected social security agreements; technical literature; responses to the questionnaire sent to social security officials contacted due to their association with the Inter-American Conference on Social Security (CISS) and/or the Organization of American States (OAS).¹⁸

In the case of almost every signatory State, the legal-administrative procedure for approving an agreement is similar. In general terms, a State's congress or parliament approve an agreement, while the executive branch is charged with its execution on the ground. This requires a relatively long process prior to entry into force; and, consequently, also involves an equally complex procedure for amending and updating such an instrument.

The type of coverage involved normally varies. Most agreements address pensions, workplace risks, family benefits and survivor benefits. In a few cases (mainly in Central America) agreement purviews are limited to healthcare.

The replacement rate¹⁹, which often serves as a parameter for identifying the similarities and differences between potential benefits, is a highly complex issue today in most countries. This is because it is calculated by first determining the amount of contribution, contribution periods and retirement age. This is accomplished through the use of several different criteria. Additionally, in countries where several types of pension schemes (PAYG and funded) coexist, are mixed or in transition, several different criteria for determining retirement are used. The more relevant include compliance criteria related to the following: residency periods; basic-income guarantees; the income level-contribution period calculation; or, in the case of individual capitalization, the total amount of savings which is then divided by life expectancy, which is used for individuals in the over-60 age group.

Of the 35 countries in the Americas which were analyzed, 25 have funded pension schemes and ten have individual capitalization accounts. Of these ten, only four are signatories to the CMISS.

¹⁸ The document, entitled *Questionnaire: Identifying good practices and challenges associated with the practical application of existing bilateral and multilateral accords*, elicited responses from social security leadership throughout the Americas regarding the long-term viability of agreements, best practices, and recommendations to improve agreement effectiveness. Thirty-five OAS/CISS member States received the survey and the following 18 replied: Antigua and Barbuda, Argentina, Brazil, Bolivia, the British Virgin Islands, Canada, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, St. Kitts and Nevis, Saint Lucia, USA and Uruguay.

¹⁹ Replacement rate is estimated retirement income divided by a worker's pre-retirement income. It is calculated by dividing the first-year pension benefit by the amount of taxable income earned during the year prior to retirement.

Table 9. Pension funding scheme types

Funding scheme	# of nations	% of nations
Funded	25	71
Individual capitalization	6	17
Funded and individual capitalization	4	11
Total	35	100

Source: Leopoldo Valentín Vargas, 2014.

The difference between funding-scheme types becomes even more complex when viewed in the light of portability. Different criteria are used, especially with regard to retirement age and retirement income. In general, funded systems are characterized by lower retirement ages and higher pension payments.

In most countries, an individual's retirement age ranges between 60 and 65. However, the total number of contribution periods is a factor which is also taken into account.

The issues of recognizing rights acquired in other nations and accrued contribution periods are fairly clear. The manner in which said periods are tallied, however, is another story. Enrollees within signatory States accrue contribution periods based on criteria established vis-à-vis their home country's legislation which must then be standardized to agreement criteria.

With regard to professions or characteristics of employment type, selection criteria are generally standard, as is equal treatment, vis-à-vis their host-country counterparts, and recognition of pension rights and payments.

Judging from the data compiled from the *CISS-OAS Questionnaire*, the number of workers to date that have benefited from social security agreements and accords is fairly low.

Table 10. Individuals benefiting from social security agreements

Nation or territory	Individuals benefited	Observations
Antigua and Barbuda	43	
Brazil	12,325	For the period 1994-2015. Of these, 835 correspond to the Americas; 6,092 to Portugal; 3,341 to Spain; and 2,057 to other countries.
Canada	95,000	Individuals residing abroad in 56 countries with which Canada has agreements.
Chile	4,043	Pensions paid from within Chile to Argentina, Brazil, Canada and Quebec, Colombia, Ecuador, United States, Peru and Uruguay.
Colombia	524	
Ecuador	15	12 from Chile and 3 from Uruguay
United States of America	212,064	Under the terms of 25 agreements.
Mexico	469	De 2010 a 2014.
Dominican Republic	1,031	122 claims for benefits sent to Spain and 909 responses processed in Spain.
St. Lucia	66	
St. Kitts and Nevis	33	CARICOM citizens.

Source: Responses to *CISS-OAS Social Security Questionnaire*.

Another important element to consider is the length time required to process a pension. This factor varies widely between countries, as does the criteria for its calculation. But on average, the time period ranges from six months to a year or more, depending on the rate of reply of the pension officials involved, as well as the quality of the documentation submitted by the individual requesting benefits.

Virtually all countries commented that individuals do not require third-party advising to fill-out the necessary pension paperwork. But there are signs that individuals, particularly in Latin America, are seeking out third-party support for pension-related paperwork. This is normally related to the task of compiling all the necessary documentation.

The countries were also asked to review the long-term viability of agreements, best practices and recommendations to improve agreement effectiveness throughout the hemisphere. Their replies are described below.

With regard to ensuring the **medium-term sustainability** of agreements, countries recommended the following: conducting a periodic review of agreements to adjust to changes in national legislation; improving information-exchange methods through the use of Information and Communication Technologies; and simplifying processes. With regard to the use of technology, the MERCOSUR experience seems of value. It employed the Unified Social Security Database (*Base Única de la Seguridad Social*, or BUSS) to simplify, streamline and improve security with regard to electronic data transmission and validation, thereby improving the efficiency with which pension applications are processed and benefits are paid.

Antigua and Barbuda recommended the creation of centralized information system which might be used throughout the entire Caribbean.

Chile argues that nations should place greater emphasis on ensuring equal treatment with regard to acquired rights (or rights which are being acquired), whereas agreements are currently in force which only apply to Chileans; while other agreements only allow *skilled* workers to continue to make contributions to their Chilean individual retirement accounts.

In order to ensure the viability of social security agreements in the future, the US argues that the technological ramifications of the Internet must be fully addressed. This is because the current criteria for country of residence used in bilateral social security agreements may be outdated. The entire issue relates to the fact the physical location where work is done is covered, but not the manner in which said services are delivered. Questions such as these are constantly evolving.

For example, a professional (attorney, IT engineer, etc.) may provide services to residents in a nation in which they never set foot. This type of scenario represents future tax challenges and agreements may need to adapt to such issues in order to ensure that citizens are not denied access to social security coverage.

With regard to **best practices for social security agreements** and other instruments, the following factors were highlighted: ensuring the sustainability of programs that, in turn, ensure the continuity of the agreement; standardizing criteria for determining economic impact, cost benefit and socio-economic factors that impact programs; and, increasing efforts to educate citizens with regard to the potential benefits that might be had under the terms of social security agreements.

According to most countries in the survey, the **principal exogenous problems** related to the operation of agreements are the long waiting periods between delivery and receipt of pensioner documentation and a lack of case monitoring. Canada and the US both indicated that there is also a lack of equal treatment due to unequal development and income levels in many countries, as well as shifts in migration and trade levels.

Endogenous problems are primarily related to a lack of unified institutional criteria, lack of knowledge about the agreements, lack of experience in agreement management, as well as a lack of knowledge on the part of the beneficiaries with regard to agreement content.

Responses to the OAS/CISS Questionnaire included requests to move **towards a hemisphere-wide mechanism** that would facilitate the recognition of migrant workers' social security contributions and pension rights within the OAS member States:

- Canada recommended overcoming barriers to benefits entitlement in host-country legislation so that people who are not beneficiaries may receive pension benefits. Measures may include setting minimum requirements for residence and contribution periods and eliminating nationality restrictions. Giving priority to the elderly, disabled and survivors with regard to pensions was another suggestion.
- The US proposes starting small, but thinking big. The idea being to start with a modest proposal and allow it to grow organically, whereas larger-scale changes will be difficult; both from a political as well as an administrative standpoint. For example, a simple tool to facilitate exchange of information between the OAS and member-State entities might be more feasible in the short term.
- Mexico recommends designing systems and shared virtual-communication platforms that utilize a consolidated database when updating beneficiary or enrollee

- The Dominican Republic encourages nations to continue providing support to emerging countries through social security training and logistics. And by establishing mechanisms to account for contributions made in different systems and to pension plans in the respective countries, in order that everything is tallied correctly for the purposes of an individual's pension.
- St. Kitts and Nevis propose an agreement that would include the entire hemisphere.
- Guatemala requests that rules be clear, agreed upon among participating countries, and take into account the specific characteristics of each State's legislation.
- Chile recommends leveraging the CMISS experience by premising integration on the inclusion of as many CMISS signatories as possible. It also states that countries with funded systems should consider giving people the option of consolidating their retirement contributions and collecting their pensions in a single country.
- Costa Rica proposes the establishment of roundtables with scheduled agendas and multinational training sessions for countries on how to implement these mechanisms.
- El Salvador and Ecuador recommend optimizing communication and ongoing training between agencies in order to acclimate to the processes involved. They also feel that a system of direct communication via the latest technologies is vital, so information flows more effectively.
- Colombia proposes that countries begin working toward negotiations, ratification and development of bilateral and multilateral agreements on social security, with an eye to ensuring accrued contribution periods, inter alia, are recognized and duly processed among the American nations when Colombian emigrants apply for pensions.
- Uruguay recommends the ratification and passage of the CMISS (Latin American Multilateral Agreement on Social Security), because it is a flexible and modern instrument that greatly facilitates access to social security benefits: It also feels the CMISS modernizes immigration legislation by ensuring respect for the human rights of migrants given its incorporation of the [International Convention on the Protection of the Rights of All Migrant Workers and their Families](#) into its body.

3. CASE STUDIES

3.1 Social Security Agreement between the Republic of Argentina and the Republic of Chile

Background

The first social security agreement between Chile and Argentina was signed in 1971, when the signatories' respective pension schemes were funded through PAYGO or funded schemes.

The introduction of the individual capitalization regime (Chile: 1980; Argentina: 1993) generated a need to negotiate a new agreement which addressed this new funding approach and solve problems such as, inter alia, capitalization via contributions made to the former scheme (the so-called *bono sol*, funded by Chile's national budget).

In 1996, a new agreement was signed. Though ratified in 1997 by Chile, it encountered strong debate in the Argentine congress. The concern expressed by some members of Congress was that, as neighboring countries, the possibility of temporary transfers by workers constituted unequal competition between Argentina and Chile; the rationale being if Chilean workers continued contributing to the Chilean social security system, which did not involve an employer contribution, Chilean workers were more likely to be hired than their Argentine counterparts. Moreover, independent workers in Chile were not required by law to have pension coverage (or even make contributions to fund same). As a result, Chilean law provided for lower employee-related costs.

In 2005, after several years of stalled negotiations, work began on an amending agreement which altered the 1996 instrument. It was signed three years later in 2008.

The agreement and amending agreement entered into force in January 2010. Prior to that, the Administrative Agreement for the Implementation of the Agreement, which contained operational provisions on transfers, processing of applications and other features was approved. The application forms (CHIAR 01, 02, 03, 04 and 05) were created. Chile also filed a request with MERCOSUR for permission to access the Unified Social Security Database (*Base Única de la Seguridad Social*, or BUSS) database utilized by the MERCOSUR Multilateral Agreement on Social Security for the exchange of personal information related coverage. The request was approved. However, due to technical difficulties, as of December 2014 the BUSS data had not yet been utilize for the purposes of the Argentina-Chile agreement. In December 2014, officials who manage the system at the *Organización Iberoamericana de Seguridad Social* (OISS) indicated access should be forthcoming in the near future.

As a result, the procedures for recognition of services, contributions and contribution periods for workers falling under the purview of this agreement were developed. They were formulated by the respective national entities vis-à-vis their existing administrative procedures.

During the period 1996 to 2010, a massive backlog of paperwork filed by workers had built up. The documentation involved workers who had failed to obtain recognition of services rendered in either of the two signatory nations. On the one hand, Argentines who worked in

Chile during said period had failed to accrue the minimum periods required for the purposes of totalization. As a result, many were unable to meet the 30-year minimum requirement for access to benefits in Argentina. The situation in Chile was in stark contrast to that of its neighbor. This was owing to the fact that Chile's individual capitalization scheme only required pensioners meet a minimum-age limit before accessing said retirement funds.

Analysis of the agreement

The Chile-Argentina bilateral agreement entered into force on January 1, 2010, but it only applies to benefits accrued via work performed prior to said date, or to benefits which were already under review. As is the case with most agreements throughout the region, its purview includes the signatory nations' nationals, as well as foreigners, who are currently, or who have previously been subject to, the social security legislation in one or both of the signatories.

In terms of medical-care benefits, the agreement is unique. Nationals of one signatory residing within the territory of the other signatory, who receive old-age and disability benefits in accordance with the legislation of said host country, have the same rights and obligations as host-country nationals. The principle of equity with regard to medical care, as a result, is fully addressed by the Chile Argentina agreement.

The competent entities within each of the signatory nations vary. In Argentina, the institution may be the ANSES (*Administración Nacional de la Seguridad Social*), the provincial public employees' funds, the provincial professionals' funds, the municipal funds or the banking funds. In Chile, funds are managed by the pension fund administrators (AFPs), for members of the pension system, and the Social Welfare Institute (*Instituto de Previsión Social*) in the case of periods accruing prior to Chile's 1980 restructuring.

The liaison bodies charged with coordinating the implementation of the Agreement are:

- Argentina: ANSES manages issues relating to old-age, invalidity and survivors benefits, as well as family allowances, for pensioners residing in Argentina; while the Superintendency of Health Services and the National Institute of Social Services for Retirees and Pensioners, manages retiree medical-care benefits.
- Chile, the *Superintendencia de Pensiones* manages all issues relating to the nation's individual capitalization funds, as well as those relating to schemes administered by Social Welfare Institute.

Title II of the agreement addresses *lex loci* determinations; i.e., which signatory's legislation is deemed applicable. Article 6 establishes the general principle that "an individual shall be deemed subject to the legislation of the signatory in which said individual is employed, regardless of said individual's domicile and regardless of their employer's corporate domicile." This measure may result in duplication of enrollment and/or contributions, especially in border areas. The basis of this provision is *lex loci laboris*; which, in this case, refers to the fact that the nation in which services are rendered is determinant with regard to choice of law.

Article 7, entitled *Special Rules*, provides for exceptions to the aforementioned principle. In fact, this is the very article that caused so much debate in the Argentine congress. Article 7 was eventually modified by the amending agreement. *Lex loci* exceptions include nationals from one signatory, who perform professional, research, scientific, technical or managerial services in the other, at the behest of a company incorporated within their country of origin. The *lex loci* exception, which allows them to remain under the purview of their country of origin's legislation, may be extended up to a period of 24 months. After this point in time, the host country's legislation decides the choice-of-law issue, unless authorized by the competent host-country entity (that is, when unforeseen circumstances are deemed to be the cause of extended residency). These rules also apply to self-employed workers who regularly provide services and received coverage from a system within one signatory nation, who then begin to render exact same services within the territory of the other. Other exceptions include, inter alia, diplomats and flight crews.

Article 4 of the administrative (or supplementary) agreement provides self-employed workers, or those under contract to an employer, are required to request a certificate from the respective liaison body, attesting to the fact that they remain subject to the social security legislation of their country of origin. The certificate details the maximum allowed period of provisional or temporary residency, and an individual may use it to certify their social security status in the host country.

The maximum temporary-residency period is 24 months, though an extension may be requested. Self-employed workers have the option to decide whether to continue to be governed by the laws of their country of origin. For other workers, this is a decision that the employer makes, and which employees may accept or deny.

The payment of benefits is regulated by Articles 5, 15 (Item 5), 19 and 20.

Article 5 states that benefits may not be reduced, suspended or terminated on the grounds that the recipient resides in the territory of the other signatory nation. It addresses the possibility of paying in a third nation in which the recipient resides under the same conditions.

Article 15, Item 5 reaffirms a principle of Argentine legislation regarding family benefits; namely, that benefits under this (family) subsystem are only paid to beneficiaries domiciled within Argentina. Some complications were generated by this rule. While Chilean workers working at Argentinean firms lived in close proximity to the corporate domicile, they were in fact domiciled within Chilean territory. This prevented their receiving family benefits. The situation, however, was resolved through the passage of an exception rule which remedied this inequity.

Article 19, entitled *Payment and Provisions Relating to Foreign Exchange*, provides that payments due under the terms of agreement may be made in national currency or in US dollars. This is an aspect unique to the Chile-Argentina agreement, whereas all other agreements stipulate that contributions be made in the respective nation's currency. Paragraph 2 of the article states that if currency restrictions are imposed, the signatories shall agree on immediate measures to ensure the transfer of sums payable under the agreement.

Title IV, Article 11 of the administrative agreement stipulates that benefits shall be paid directly and as per the procedures and deadlines established in the legislation of each signatory. It also allows the respective liaison bodies to agree upon mechanisms by which to transfer funds, and in order to unify benefits payments.

Neither the agreement or the administrative agreement address the issue of transfer costs. As a result, these costs are currently the express responsibility of benefit recipients. The issue, however, has been analyzed and negotiated agreements that Argentina has with other nations serious. In an agreement recently finalized with Brazil, a payment scheme involves a single transfer which corresponds to the total amounts of benefits due to a beneficiary residing in another country. These beneficiaries are, as a result, spared paying repeated transfer fees. The transfer takes place between competent institutions. The cash transfer is accompanied by a file indicating the details of the settlement. The method is in the final stages of implementation.

Title III of the agreement, entitled *Provisions Related to Benefits*, addresses the totalization of insurance periods as the issue relates to access to benefits. Article 9, Item 2, states that when insurance periods accrued in one signatory total less than one year and, as a result, no right to benefits exists under applicable legislation, the competent institution shall not be required to provide benefits solely on the basis of said contribution periods. In these types of cases, the right-to-benefits issue falls under the purview of each signatory's legislation. For example, in the case of a Chilean individual capitalization account, pension benefits are paid vis-à-vis the balance available within an individual's account. In Argentina, however, individuals failing to meet the one-year minimum may only use the time towards totalization; i.e., the payment of pro rata benefits is not an option.

Therefore, period of time comprising less than 12 months are irrelevant in Argentina, with the sole exception of individual capitalization account (ICA) balances that failed to meet the floors established by the Chilean government. In these cases, these periods are utilized to compute eligibility for the purposes of Chile's minimum old-age, invalidity or survivors pensions.

With regard to the calculation of benefits, when it comes to benefits funded scheme, legislation in both nations allows individuals to choose between two options to receive the balance of the ICA without resorting to totalization. In cases where totalization was employed, the amount or theoretical value of benefit is determined as if all the (totalized) periods had been completed under legislation. In terms of the benefit amount payable, each signatory calculates its proportion based on the ratio between the contribution periods in the signatory performing the calculation and the total of those completed in both signatories. If the sum of contribution periods in both countries exceeds the period established in Chilean legislation for entitlement to a full pension, the excess years are not included in the calculation. A smaller divisor, in this case, clearly yields a higher pension benefit.

Title III, in turn, regulates the assimilation of insurance periods and the conditions used to determine disability.

The duration of the agreement came after the repeal of the capitalization system in Argentina, via the *Ley 26,425 de 2008* legislation, which provided for the unification of the Integrated Retirement and Pension System in a single public retirement system called the Argentine Integrated System (SIPA) and financed through a solidarity distribution system

which currently remains in force and guarantees system participants and beneficiaries identical standard coverage and treatment as that provided by the public welfare system. As a result, the article entitled *Benefits vis-à-vis Argentinian Legislation* has fallen into disuse and benefits are paid pro rata tempore, through the totalization of services provided in Chile with those provided in Argentina. The amount of the benefit is the total of contribution years in Argentina divided by the total of contributions made in both countries.

Article 5 of the administrative agreement states that benefit applications are submitted to the competent institution or liaison body of the country where the applicant is domiciled. This is the case even when said individual has not accrued contribution periods within said nation. The applicant must provide documentation indicating their right to receive benefits as per the legislation of each country and according to the procedures established by the competent institution. The date of submission of the application is also considered valid by the competent institution of the other signatory nation.

The liaison body must forward applications initiated in the other signatory nation yeah they stipulated document. Evidentiary documentation verifying the original documents must also be included. In both instances, the forms report data on insurance periods accrued in each country.

Simultaneous contribution in both signatory states has distinctive characteristics in Argentina. These are detailed below. In Chile, where a capitalization scheme is used, Chileans residing in Argentina always have the option of making contributions to their individual capitalization account.

Contributions to Argentine pension schemes while residing in Chile are determined by whether the pension is mandatory or voluntary. Contributions are compulsory under the laws of Argentina for directors and managing partners of corporations, even if said individuals reside abroad. Voluntary contributions do not provide accrual of, since these contributions must be the product of self-employed work performed in Argentina.

In other words, *length of time in system* in the funded Argentine scheme is determinant with regard to benefit-rights accrual. This same requirement also applies with regard to survivors and disability benefits, where the applicant must qualify as either a regular enrollee, or irregular enrollee with rights to benefits.

Neither the agreement nor the administrative agreement address the issue of the updating, upgrading or mobility of benefits, so it is reasonable to assume that each signatory will update according to its own legislation and incorporate the difference into the current benefits value.

When calculating the value vis-à-vis the principle of totalization and the result is below the legal minimum, a provision is commonly found in the agreements whereby the country where the beneficiary resides pays the difference such that the minimum benefit amount is reached. This type of coverage is not address by the agreement or the administrative agreement, but this in no way constitutes a barrier to either one or both of the signatory nations deciding to pursue such a policy.

The implementation of the agreement between Argentina and Chile, despite the two signatories being neighboring countries with a shared language, involved differences of opinion that did not really solely to the different types of their respective pension schemes

(capitalization and funded). As opposed to what occurred during the negotiation and implementation phases of the MERCOSUR agreement, the mutual trust which facilitates the identification of said difficulties, as well as solutions, never materialized.

To date, the Chilean Institute of Social Welfare reports having paid 878 old-age, disability and survivors to pensions Argentina under the terms of this agreement. This is a relatively low figure and raises questions regarding the overall effectiveness of the implementation phase of the agreement. The use of the MERCOSUR BUSS in order to process this agreement's benefit payments may end up improving the process by which the concomitant paperwork is process

3.2 MERCOSUR Multilateral Agreement on Social Security

Antecedentes

Background

The MERCOSUR Multilateral Agreement on Social Security was signed as part of the process of regional integration. It has been in force since 2005 in the following signatory nations: Argentina, Brazil, Paraguay and Uruguay.

The negotiations that led to the signing of the agreement took place in Rio de Janeiro and Montevideo, between July and September 1994, and were based on a working document prepared by the *Organización Iberoamericana de Seguridad Social* (OISS). The final texts of the agreement, as well as the concomitant Administrative Rules, were approved in Montevideo in December 1996 by Working Subgroup No. 11 of the Commission of Social Security of (currently operating as *WSG N° 10 on Labour, Employment and Social Security*). The agreement was signed at the XII Meeting of the MERCOSUR Council, held 15 December 1997 in the Uruguayan capital. To date, it has been ratified by Argentina, Brazil, Paraguay and Uruguay through each nation's respective national legislation.²⁰ The agreement entered into force 1 June 2005, just 11 years following the start of negotiations. It replaces the various bilateral agreements which existed between MERCOSUR member States.²¹

Generally speaking, member States provide social security measures in a similar fashion. This facilitates the implementation of coordination mechanisms to ensure social security coverage for workers who move from one signatory nation to another throughout their working lives. Coordination mechanisms do not necessitate changes in national social security systems; instead, they merely require that said entities adhere to their respective national legislation in force.

²⁰ Pertinent legislation: [Ley Número 25655](#) (Argentina, 2001), [Decreto Legislativo Núm. 451/200](#) (Brazil, 2001), [Ley Número 17.207](#) (Uruguay, 1999) and [Ley Número 2513](#) (Paraguay, 2004).

²¹ Item 4 of Article 17 states: "From the entry into force of this Agreement any bilateral agreements on social security or social security pensions signed between member States shall be repealed. The entry into force of this Agreement shall in no way cause or constitute a loss of rights acquired under the (terms of the) aforementioned bilateral agreements."

The agreement covers workers performing services within the signatory states, regardless of nationality.²² It even covers services rendered in third-party countries linked to one of the signatory states through bilateral or multilateral instruments; i.e., to the extent necessary to configure benefit rights and in the event the signatory linked to third-party nation recognizes said services as being performed within its borders.²³ The agreement also comprises coordination rules which are applicable to capitalized schemes in force in some countries within the region.

The MERCOSUR Agreement addresses the contributory financial and health benefits that each signatory grants under its own legislation. In practice, this includes healthcare and pension benefits (old-age and disability). In the case of healthcare benefits, the agreement specifically addresses the needs of workers who temporarily change their country of residence.

In the negotiation and implementation of the agreement, the participation of the OISS has been essential. The organization has coordinated and promoted a series of meetings on the agreement. It has also contributed valuable input to the process through technological expertise, in addition to a variety of proposals aimed at increasing the agreement's overall effectiveness.

Analysis of the agreement

The agreement involves a 12-month minimum country-of-domicile change and applies to employees and other individuals who qualify under the terms of the agreement; i.e., individuals performing professional, research, scientific, technical or management activities, as well as any other occupations defined by the *Permanent Multilateral Commission* as falling within the purview of the agreement.

Unskilled workers are subject to the law of the State in whose territory they work, and are possessed of the same rights and obligations as nationals of said State, taking into account the principles of equal treatment and territoriality.²⁴ Self-employed workers do not currently fall within the purview of the agreement.

With regard to healthcare benefits for workers temporarily domiciled within the territory of another signatory nation, contributions are paid to the competent entity within the host country; however, the other nation's entity provides coverage. The scope of healthcare coverage is different in each country. The costs associated with medical care also vary. The host country's managing entity must authorize the granting of healthcare benefits, whereas it is the home-country entity which will pay for any services that are delivered to the individual. While there are procedures for reimbursement for certain protracted illnesses, they are currently somewhat imprecise. When health services are required within a specified timeframe in order to ensure that the proper authorizations are received, these

²² Article 5 provides the following exceptions to the general principle: a) temporary transfers after a qualifying period of up to 12 months, which may be extended on a case-by-case basis, through the prior express consent of the competent authority of the other signatory; b) flight crews and ground-transport companies staff; c) members of the crew of a vessel flying the flag of one of the signatories; d) officials and members of diplomatic and consular missions.

²³ Item 3 of Article 7 of the MERCOSUR social security agreement.

²⁴ Article 4 of the agreement.

administrative difficulties make receiving timely medical care a true challenge. As a result, many workers traveling to other countries contract supplementary health insurance in addition to their basic social security coverage.

With regard to the totalization of contribution periods and work credits, the agreement allows for the totalization of services provided in third-party states (triangulation). This is clearly of benefit to the workers involved. The work credits or contribution periods accrued before the agreement entered into force are totalized if and when a worker continues to accrue said credits or periods after the entry-into-force date. This may place some workers at a disadvantage, especially those with contribution periods that were totalized, but for which they have not yet received any benefits.

In cases involving workers whose total contribution periods are less than 12 months, the signatory nation in which contributions were made makes the decision whether or not to pay benefits. If the decision to not pay benefits is related to administrative costs, benefit periods may be allowed to accrue after which time payments may begin in this scenario which provides for lower administrative costs. This is done with an eye to maximizing the benefit received by the individual. If the application of this clause frees entities within the affected signatory nations from all liability, benefits are paid exclusively by the last signatory in which the worker qualified to receive same vis-à-vis local legislation.²⁵

This can cause problems in the case of invalidity or death benefits, whose contribution-period minimums may not be expressly decided upon the basis of the quantity of contribution periods accrued. With regard to other benefits, totalization and pro rata payments are addressed by clauses which seem fairly standard. The only exception to this would be the case wherein an individual holds benefit rights which do not require a minimum total of work periods in other States, signatories or third-party States (Article 7, Items 3 and 4). In this scenario, the benefit is calculated expressly vis-à-vis the legislation of the signatory in which rights are held, except for individuals requesting totalization of other periods. This makes the agreement unique in that most agreements dictate that if an individual has the right to forego totalization, then the benefit is calculated via both methods, with the greater of the two is the benefit amount paid.

Whereas several of the pension schemes available during the period of time in which the agreement was signed addressed the issue of voluntary contributions in their concomitant legislation, a clause was included that addressed the possibility of totalization with regard to periods accrued in another signatory via voluntary contributions. These are only taken into account if work periods or contribution periods were not simultaneously accrued in another signatory. The agreement also takes into account the possibility of establishing mechanisms for the transfer of funds with regard to benefit payments, in cases where an individual accredits their right to receive a given pension. This scenario has not been regulated to date, and plans do not exist for such measures to be implemented in the short-term.

The agreement and its administrative guidelines both address the issue of administrative collaboration on benefit payouts. The instruments stipulate that medical exams requested by an entity in order to determine temporary or permanent disability, on the part of

²⁵ Item 2 of Article 6 of the agreement administrative guidelines.

workers, their relatives, or dependents, who are domiciled within the territory of the other signatory nation, shall be performed by the host country's competent entity. The determination regarding the issue of invalidity, or regarding permanent or temporary disability, is made by the liaison body soliciting the benefit. This body also emits the concomitant certificate. During this process, a determination is made with regard to determining whether a temporary disability or invalidity is the result of a workplace accident or occupational disease, and whether occupational rehabilitation is necessary.

With regard to the payment of benefits, a provision is made for benefits being paid out in local currency. Other provisions exist for the transfer of funds in order to make benefit payments to individuals domiciled in other signatory nations. Although not yet fully underway, Argentina and Brazil have produced a mechanism by which a single electronic transfer, comprising all the benefits due an individual, is made to the other signatory, who then distributes said funds vis-à-vis its national guidelines for the distribution of benefits. This mechanism significantly reduces the costs associated with bank transfers (see *Benefit payment systems*).

The agreement does not address income tax paid by workers or benefit recipients. As a result, the issue is addressed by the concomitant legislation in each of the signatory nations. The agreement also does not address issues related to the updating, reevaluation or mobility of benefits either. As a result, these issues are acted upon in accordance with the legislation of each signatory.

With regard to the supervision of the agreement's operation, the permanent multilateral commission known as COMPASS (*Comisión Multilateral Permanente*) is charged with this function and has been performing this duty since 2005, when the agreement went into force.

The principle of applying the agreement which most benefits an individual is among the agreement's overall aims. The issue, however, has been largely addressed by the fact that any pre-existing bilateral agreements between the signatories were rendered obsolete by its entry into force. Nevertheless, with the exception of Argentina, all the signatories may apply the measures included in the CMISS.

Policies and procedures

The operational efficiency of any social security agreement may be measured by this speed with which benefits are applied for and received. In general, a healthy working relationship between the signatories' competent entities is fundamental. The trust resulting from such a scenario serves to increase the speed and simplicity with which the process operates; especially with regard to avoiding the need to verify data in each of the signatory nations.

The following are some examples of the MERCOSUR Agreement on Social Security's policies and procedures:

- *Petition to change country of domicile* and *Petition to extend country-of-domicile change* must be filed by the employer 30 days before said change occurs or extension is required. If this 30-day requirement unmet, the worker automatically falls within the purview of the country in which work is performed (*lex loci*). The

- With regard to determining a worker's disability, the liaison body of the signatory wherein the benefits claim was made evaluates the issue of temporary or permanent disability and emits the concomitant certificate which accompanies the worker's medical exam and indicates whether or not said state is the result of workplace injury or occupational disease. The body also indicates whether or not there is a need for occupational rehabilitation. The liaison body within the other signatory makes a decision on the petition vis-à-vis the relevant legislation and the medical exam results. When requested to do so by another signatory's liaison body, a signatory's competent entity must provide all evidence and medical exams relating to that disability of a claimant or a beneficiary, which are in its possession. To this end, the liaison bodies provide a certification on behalf of the interested party to the other signatory. In cases where a competent entity requires additional medical exams, the liaison body in the other signatory is required to perform said exams as per be expressed needs of the entity. The requesting entity is responsible for any costs resulting from said exams.
- Specific guidelines on the issue of reimbursements for medical care do not exist at this time. However, the COMPASS sessions have provided a forum in which to discuss the issue and progress has been made towards delineating specific parameters.
- The **MERCOSUR BUSS System** is a unified database designed for the transfer and verification of social security data for individuals within the trade zone. It has considerably reduced the time required to process benefit claims. While it does not constitute a social security data database, it does significantly reduce errors, paperwork and unnecessary delays.

The system provides real-time data for each country in which an individual has accrued contributions. It also helps signatories in their effort to recognize said benefits, check on the status of a claim and provides traceability throughout the entire process.

The BUSS is administered by the OISS and was developed through funding made available by the Inter-American Development Bank. However, this system does not contain personal data which might be used to identify an individual.

Table1. Tally of BUSS transactions

Country of origin	Tally of transactions ²⁶				Total
	Argentina	Brazil	Paraguay	Uruguay	
Argentina		3171	1242	19766	24179
Brazil	2112		186	1675	3973
Paraguay	1016	168		173	1375
Uruguay	14740	1753	163		16656
Total	17868	5092	1591	21614	46165

Source: Organización Iberoamericana de Seguridad Social (OISS)

- The **benefits payment system** has been discussed at the COMPASS sessions. Existing methods normally imply high cost associated with the monthly transfer of funds to the country in which the recipient resides.

Brazil and Argentina head of an accord through which pension benefits are paid directly in their respective local currencies without the need for bank transfers via US banks, as is the case with most international commercial transactions.

A system through which each competent entity sends the total amount of benefits due to residents in another signatory is its initial stages of implementation. The transfer occurs between two liaison bodies and emits a file indicating the benefits to be paid. The real winner here is the benefits recipient, whose costs are significantly reduced.

²⁶ 2013 statistics.

Final considerations

The agreement is based on the principle that “the worker shall fall under the purview of the legislation of the signatory in which services are rendered”. This principle can result in dual social security coverage and tax liability in cases where an individual render services in more than one nation. This principle is also known as *lex loci*.

The 12-month period which the agreement comprises is somewhat limited when one considers that foreign assignments usually last between two and three years, and often extend up to five.

Countries within the region comprising MERCOSUR have a variety of entities charged with administering social security schemes. As a result, it is vital that the liaison bodies perform at optimal levels with regard to coordination, communication, verification, and accreditation of data required for the payment of benefits. Additionally, they serve as one-stop hubs for claimants and their families.

A practice worthy of mention is the fact that, since the negotiation and initial implementation of the agreement, an ambience of trust and confidence has existed between the organizations and officials involved. This appears to be the direct result of the COMPASS sessions.

For its part, the participation and support provided by the OISS during the roll-out and operational phases of the agreement have been fundamental to its success. The BUSS project and the payment system improvements, which are currently in the pipeline, are further evidence of this organization’s efforts to ensure the success of the agreement on the ground.

CONCLUSIONS AND RECOMMENDATIONS

Several bilateral and multilateral social security agreements have been signed within the Hemisphere. These agreements vary in terms of scope and type. The majority seek to improve social security and ensure pension rights for migrant workers. In many cases, they have achieved their goal. To date, 79 bilateral agreements have been signed between 1966 and 2014. Two standouts are the MERCOSUR Multilateral Social Security Agreement and the CMISS. The signed agreements involve 35 OAS member States, as well as Spain and Portugal.

73% of the signed bilateral agreements address pensions, while the remaining 27% address more-specific issues such as medical care. Of the 79 aforementioned agreements, 86% involve five specific nations: Canada (22), Uruguay (14), Spain (13), Chile (10) and Argentina (9).

Successful social security agreements involve a phase in which the relevant roll-out mechanisms and practices are designed and then proven in the field. Additionally, a series of exogenous factors such as migratory trends and the dynamics of the job market (especially in terms of high levels of informality) come in to play. Often, however, said mechanisms and designs are often outstripped by other issues: the scale and characteristic of migratory flows (duration, permanent versus temporary); the educational level of migrants; the unemployment, underemployment and informality levels within signatory nations; and factors which are capable of limiting the scope, coverage, and quantity of benefits (recognize tensions) provided under the terms of said agreement. The unique characteristics of each nation's funded or capitalized pension system also comprise important factors affecting the rollout of agreements on the ground. And they are clearly capable of generating a variety of complex challenges.

It is clear that, taken as a whole, these factors tend to impede the ability of agreements in the Americas to reach their full potential. As a result, these are the factors that nations should analyze when considering whether or not to sign a given social security agreement, and regardless of the scale involved. In terms of hemisphere-wide initiatives, the relevance of these factors grows exponentially in proportion to a given initiative's scale.

Migration has continued along its upward trend. As a result, there is a concomitant need to come up with solutions aimed at safeguarding the rights of thousands of workers within the Americas who travel across borders in order to get their jobs done. One such solution is for the hemisphere to begin to recognize these men and women's social security contributions and pension rights. This fundamentally important issue is what drove the Inter-American Conference of the Ministries of Labor (IACML) to publish its *Plan of Action of Medellin* in 2013. It was also the impetus for this study to be prepared.

According to the Medellin Plan, an analysis of currently-underway agreements will shed light on which factors need to take precedence when OAS member States begin to design and negotiate a hemisphere-wide mechanism; especially one aimed at the recognition of

migrant workers' social security contributions and pension rights. The following is a list of factors that should be taken into account:

- Realistically value the economic implications of the agreement for each signatory State. The finances of the entities and systems involved should not be significantly affected, whereas, in principle, the only rights that will be recognized are those having concomitant contributions (i.e., employer-employee contributions, social security withholding, etc.).
- Recognize within each State, the rights of persons that have made contributions to social security, disregarding their migratory status, and make these rights effective as a possible step to make progress in bilateral and multilateral arrangements in the field.
- Guarantee equal treatment and consider the situation of the different groups that compose the universe of potential beneficiaries of the agreement; for example, the situation of highly qualified professionals versus low-skilled workers, women vs men, among others.
- Take into account the exogenous factors mentioned above: scale and characteristics of migratory trends; labor-market and pension-system characteristics.
- Focus on the common goal during the negotiation phase of the agreement. In short, the aim is to ensure that all individuals maintain the rights which they earn regardless of changes in their so-called country of residence (i.e., *maintenance of rights*).
- Involve in the negotiating teams experts of social security and other institutions that will be taking the role of liaison bodies in the administration of the agreements, since they are the most experienced on the matters to be resolved.
- Roll out the negotiation process in phases. Said process should begin by addressing schemes designed for old-age, invalidity and survivors pensions, whereas these tend to be the easiest to manage. Another advantage of these three types is that a great deal of data on their operation and management is available. It can be used to guide the roll-out process. There is also consensus on the principle of *pro rata temporis*, which ensures benefits are paid in proportion to an individual's length of time in system.
- Recognize the economic impact of the application of these agreements. Therefore, in the negotiation process, this consideration should be factored in and criteria regarding cost-benefit should be unified in order to ensure the medium and long term viability of the agreement.
- Appoint an impartial actor to coordinate negotiations, set an agenda and call meetings in multilateral instruments may facilitate continuity of negotiations in

- Organize a technical commission to oversee the fundamental operational aspects (forms, systems, payment agreements, etc.). This should occur after the signing of the agreement, but before its entry into force. Later, the commission would serve to resolve specific problems related to the operation and effective application of the agreement.
- Ensure pension applications and benefits are processed efficiently. To this end, it is advisable to establish an electronic information system which would simplify the sharing and validation of electronic data. Additionally, such a measure would increase the efficiency and security with which the exchanges of personal data are performed. An excellent example of this dynamic is the BUSS System, which is currently utilized throughout the MERCOSUR zone.
- Consider that the collaborative work and trust between the institutions of the various signatory States is key in order to grant benefits within a reasonable timeframe. This will allow for more expeditious and simple processes and will avoid duplications in data verification.
- Create a flexible, regularly-scheduled and highly-efficient review mechanism by which the agreement might be adjusted vis-à-vis legislative changes occurring in the signatory States.
- Disseminate the agreement widely in each of the member countries so that all the potential beneficiaries are aware and informed about it.

Responses to the OAS/CISS Questionnaire included requests to move **towards a hemisphere-wide mechanism** that would facilitate the recognition of migrant workers' social security contributions and pension rights within the OAS member States:

- Canada recommended overcoming barriers to benefits entitlement in host-country legislation so that people who are not beneficiaries may receive pension benefits. Measures may include setting minimum requirements for residence and contribution periods and eliminating nationality restrictions. Giving priority to the elderly, disabled and survivors with regard to pensions was another suggestion.
- The US proposes starting small, but thinking big. The idea being to start with a modest proposal and allow it to grow organically, whereas larger-scale changes will be difficult; both from a political as well as an administrative standpoint. For example, a simple tool to facilitate exchange of information between the OAS and member-State entities might be more feasible in the short term.
- Mexico recommends designing systems and shared virtual-communication platforms that utilize a consolidated database when updating beneficiary or enrollee

- The Dominican Republic encourages nations to continue providing support to emerging countries through social security training and logistics. And by establishing mechanisms to account for contributions made in different systems and to pension plans in the respective countries, in order that everything is tallied correctly for the purposes of an individual's pension.
- St. Kitts and Nevis propose an agreement that would include the entire hemisphere.
- Guatemala requests that rules be clear, agreed upon among participating countries, and take into account the specific characteristics of each State's legislation.
- Chile recommends leveraging the CMISS experience by premising integration on the inclusion of as many CMISS signatories as possible. It also states that countries with funded systems should consider giving people the option of consolidating their retirement contributions and collecting their pensions in a single country.
- Costa Rica proposes the establishment of roundtables with scheduled agendas and multinational training sessions for countries on how to implement these mechanisms.
- El Salvador and Ecuador recommend optimizing communication and ongoing training between agencies in order to acclimate to the processes involved. They also feel that a system of direct communication via the latest technologies is vital, so information flows more effectively.
- Colombia proposes that countries begin working toward negotiations, ratification and development of bilateral and multilateral agreements on social security, with an eye to ensuring accrued contribution periods, inter alia, are recognized and duly processed among the American nations when Colombian emigrants apply for pensions.
- Uruguay recommends the ratification and passage of the CMISS (Latin American Multilateral Agreement on Social Security), because it is a flexible and modern instrument that greatly facilitates access to social security benefits: It also feels the CMISS modernizes immigration legislation by ensuring respect for the human rights of migrants given its incorporation of the International Convention on the Protection of the Rights of All Migrant Workers and their Families into its body.

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APPENDICES

- 1. Matrix of bilateral agreements**
- 2. Bilateral social security agreements analyzed**
 - 2.1 Canada-US agreement**
 - 2.2 Jamaica-Canada agreement**
 - 2.3 Chile-US agreement**
 - 2.4 Nicaragua-Costa Rica Agreement**
 - 2.5 Colombia-Spain Agreement**
- 3. Latin American Multilateral Agreement on Social Security**
- 4. Summary matrix of questionnaire responses** (available separately – word document)

APPENDICE 1

Matrix of bilateral agreements

Estados Miembros de la OEA	1	2	3	4	5	6	7	8	9	10	11	12	13
	Antigua y Barbuda	Argentina	Bahamas	Barbados	Belize	Bolivia	Brasil	Canadá-Quebec	Chile	Colombia	Costa Rica	Cuba	Dominica
Antigua y Barbuda	1							Antigua y Barbuda-Canadá. Convenio de Pensiones. Vig. 01-06-1994. Consultar epigrafe de Canadá.					
Argentina	2						Argentina-Brasil. Convenio de Seguridad Social. Sus. 20-08-1980. Vig. 18-11-1982. Derogado 01-06-2005 al entrar en Vigor el Acuerdo Mercosur.		Argentina-Chile. Convenio de Seguridad Social. Sus.17-10-1971. Vig. 01-06-1972. Acuerdo Administrativo. Sus. 01-06-1972. Vig. 01-06-1972. Acuerdo Administrativo Complementario. Sus. 17-10-1971. Vig. 26-04-1996. Sancionado por el Congreso Argentino 14-10-2009.	Argentina-Colombia. Acuerdo Administrativo para la aplicación del Convenio Iberoamericano. Sus. 14-04-2008. Vig. 09-06-2008.			
Bahamas	3												
Barbados	4							Barbados-Canadá. Convenio de Pensiones. Vig. 01-01-1986. Consultar epigrafe de Canadá.	Barbados-Quebec. Convenio de Pensiones. Sus. 17-11-1985. Vig. 01-01-1986. Consultar epigrafe de Barbados				
Belize	5												
Bolivia	6												
Brasil	7							Brasil-Canadá. Convenio de Pensiones. Vig. 01-08-2014. Consultar epigrafe de Canadá.		Brasil-Chile. Convenio de Seguridad Social. Sus. 16-10-1993. Vig. 09-1995. Acuerdo Administrativo. Sus. 09-12-1998. Vig. 09-1995.			
Canadá	8	Canadá-Antigua y Barbuda. Convenio de Pensiones. Vig. 01-06-1994.			Canadá-Barbados. Convenio de Pensiones. Vig. 01-01-1986.		Canadá-Brasil. Convenio de Pensiones. Vig. 01-08-2014.			Canadá-Chile. Convenio de Pensiones. Vig. 01-06-1998.			Canadá-Dominica. Convenio de Pensiones. Vig. 01-01-1989.
				Quebec-Barbados. Convenio de Pensiones. Sus. 17-11-1985. Vig. 01-01-1986.									Quebec-Dominica. Convenio de Pensiones. Sus. 14-06-1988. Vig. 01-01-1989.

Estados Miembros de la OEA		Antigua y Barbuda	Argentina	Bahamas	Barbados	Belize	Bolivia	Brasil	Canadá-Quebec	Chile	Colombia	Costa Rica	Cuba	Dominica
Honduras	21													
Jamaica	22							Jamaica-Canadá. Convenio de Pensiones. Vig. 01-01-1984. Consultar epígrafe de Canadá	Jamaica-Quebec. Convenio de Pensiones. Sus. 23-05-1988. Vig. 01-01-1989. Consultar epígrafe de Canadá					
México	23	México-Argentina. Convenio sobre transferencia de Pensiones. Sus. 08-10-1990. Vig. 08-10-1990. Consultar epígrafe de Argentina.				México-Belize. Convenio de Cooperación en Seguridad Social. Sus. 13-04-1987. Vig. 13-05-1987. Consultar epígrafe de Belize.			México-Canadá. Convenio de Pensiones. Vig. 03-04-1996. Consultar epígrafe de Canadá.					
Nicaragua	24											Nicaragua-Costa Rica. Acuerdo de Prestaciones Médicas. Sus. 02-07-1976. Vig. 02-07-1976. Consultar epígrafe de Costa Rica.		
Panamá	25											Panamá-Costa Rica. Acuerdo de Prestaciones Médicas. Sus. 05-1972. Vig. 05-1972. Consultar en epígrafe de Costa Rica.		
Paraguay	26	Paraguay-Argentina. Acuerdo Administrativo de la prestación de servicios médicos a bajadores contratados por ITAIPIU. Sus. 08-01-1975. Vig. 08-01-1975. Consultar epígrafe de Argentina.						Paraguay-Brasil. Acuerdo Administrativo de la prestación de servicios médicos a los trabajadores contratados por ITAIPIU. Sus. 08-01-1975. Vig. 08-01-1975. Consultar en epígrafe de Brasil.						
Perú	27	Perú-Argentina. Convenio de Seguridad Social. Sus. 17-06-1979. No está Vigente por falta de Acuerdo Administrativo.						Perú-Canadá. Convenio de Pensiones. Vig. 10-04-2014. Consultar epígrafe de Canadá.		Perú-Chile. Convenio de Seguridad Social. Sus. 23-08-2002. Vig. 03-2004. Acuerdo Administración. Sus. 23-09-2005. Vig. 01-10-2006. Consultar en epígrafe de Chile.				
República Dominicana	28													
San Kitts y Nevis	29							Saint Kitts y Nevis-Canadá. Convenio de Pensiones. Vig. 01-01-1994. Consultar epígrafe de Canadá.						
San Vicente y las Granadinas	30							San Vicente y las Granadinas-Canadá. Convenio de Pensiones. Vig. 01-01-1988. Consultar epígrafe de Canadá						

Estados Miembros de la OEA																
		Antigua y Barbuda	Argentina	Bahamas	Barbados	Belize	Bolivia	Brasil	Canadá-Quebec		Chile	Colombia	Costa Rica	Cuba	Dominica	
Santa Lucía	31								Santa Lucía-Canadá. Convenio de Pensiones. Vig. 01-01-1988. (Consultar epígrafe de Canadá.)	Santa Lucía-Quebec. Convenio de Pensiones. Sus. 16-09-1987. Vig. 01-01- 1988. Consultar epígrafe de Canadá.						
Suriname	32															
Trinidad y Tobago	33								Trinidad y Tobago-Canadá. Convenio de Pensiones. Vig. 01-07-1999. Consultar epígrafe de Canadá.							
Uruguay	34		Uruguay-Argentina Convenio de Seguridad Social. 1974. Acuerdo Administrativo. 1977. Derogados a partir de 1-6-2005 al entrar en Vigor el Acuerdo Mercosur.				Uruguay-Bolivia. Acuerdo Administrativo para la aplicación del Convenio Iberoamericano. Sus. 06-11-1995. Vig. 01- 04-1997. Consultar en epígrafe Bolivia.	Uruguay-Brasil. Convenio de Seguridad Social de 1980 y Acuerdo Administrativo de 1980. Derogados 01-06-2005 al entrar en vigor el Acuerdo Mercosur.	Uruguay-Canadá. Convenio de Pensiones. Vig. 01-01-2002. Consultar epígrafe de Canadá.	Uruguay-Canadá. Convenio de Pensiones. Vig. 01- 01-2002. Consultar epígrafe de Canadá.	Uruguay-Chile. Convenio de Seguridad Social. Sus. 01-08-1997. Vig. 01-09-2000. Consultar en epígrafe de Chile.	Uruguay-Colombia. Acuerdo Administrativo para la aplicación del Convenio Iberoamericano. Sus. 17-02-1998. Vig. 01-10-2005. Consultar en epígrafe de Colombia.	Uruguay-Costa Rica. Acuerdo Administrativo para la Aplicación del Convenio Iberoamericano. Sus. 03-12-1993. Vig. 15-07-1994. Consultar en epígrafe Costa Rica.			
Venezuela (República Bolivariana de)	35										Venezuela-Chile. Convenio de Seguridad Social. Sus. 20-08-2001. Vig. 01-04-2005. Consultar en epígrafe de Chile.					
Otros Estados Iberoamericanos																
Andorra	36															
España	37		España-Argentina. Convenio de Seguridad Social. Sus. 28-01-1997. Vig. 01-12-2004. Protocolo complementario al Convenio. Sus. 21-03-2005. Vig. 16-08-2007. Consultar en el epígrafe de Argentina.					España-Brasil. Convenio de Seguridad Social. Sus. 16-05-1991. Vig. 01-11-1995. Convenio Complementario de Seguridad Social. Sus. 14-05-2002. Se aplica unilateral por España. Acuerdo Administrativo. Sus. 23-11-2005. Vig. 23-11-2005. Consultar en epígrafe de Brasil.	España-Canadá. Convenio de Pensiones. Vig. 01-01-1998. Protocolo 01-05-1997. Consultar epígrafe de Canadá.		España-Chile. Convenio de Seguridad Social. Sus. 28-01-1997. Vig. 13-03-1998. Acuerdo Administrativo. Sus. 28-01-1997. Vig. 13-03-1998. (Convenio Complementario. Sus. 14-05-2002. Vig. Provisional 14-06-2006. Consultar epígrafe de Chile.	España-Colombia. Convenio de Seguridad Social. Sus. 05-09-2005. Vig. 01-03-2008. Acuerdo Administrativo. Sus. 28-01-2008. Vig. 01-03-2008. Consultar epígrafe de Colombia.				
Portugal	38		Portugal-Argentina. Convenio de Seguridad Social. Sus. 20-05-1966. Vig. 27-10-1967. Acuerdo Administrativo. Sus. 28-10-1971. Vig. 27-10-1967. Consultar epígrafe de Argentina.					Portugal-Brasil. Acuerdo Administrativo de Seguridad Social. Sus. 07-05-1991. Vig. 16- 04-1995. Ajuste Acuerdo Administrativo. Sus. 07-05-1991. Vig. 15-04-1995. Consultar epígrafe de Brasil.			Chile-Portugal. Convenio Seguridad Social. Sus. 26-04-1996. Sanccionado por el Congreso Argentino. 14-10- 2009. Acuerdo Administrativo. Sus. 01- 06-1972. Vig. 01-06- 1972. Consultar epígrafe Chile.					

Estados Miembros de la OEA	14	15	16	17	18	19	20	21	22	23	24	25	26	27
	Ecuador	El Salvador	Estados Unidos de América	Grenada	Guatemala			Honduras	Jamaica	México	Nicaragua	Panamá	Paraguay	Perú
Antigua y Barbuda														
Argentina										Argentina-México. Convenio sobre transferencia de Pensiones. Sus. 08-10-1990. Vig. 08-10- 1990.			Argentina-Paraguay. <u>Acuerdo Administrativo de Prestación de Servicios Médicos a trabajadores contratados por ITAIPU.</u> Sus. 08-01-1975. Vig. 08-01- 1975. Consultar epígrafe de Argentina.	Argentina-Perú. <u>Convenio de Seguridad Social.</u> Sus. 17-06-1979. <u>No está vigente por falta de Acuerdo Administrativo.</u>
Bahamas														
Barbados														
Belize										Belize-México. <u>Convenio de Cooperación Seguridad Social.</u> Sus. 13-04-1987. Vig. 13-05-1987.				
Bolivia														
Brasil													Brasil-Paraguay <u>Acuerdo Administrativo de la prestación de servicios médicos a los trabajadores contratados por ITAIPU.</u> Sus. 08-01-1975. Vig. 08- 01-1975	
Canadá			Canadá-Estados Unidos de América. <u>Convenio de Pensiones.</u> Vig. 01- 08-1984. <u>Acuerdo complementario.</u> 01-08- 1984. <u>Segundo Acuerdo complementario.</u> 01-10- 1997.	Canadá-Grenada. Convenio de Pensiones. Vig. 01-02-1999.					Canadá-Jamaica. Convenio de Pensiones. Vig. 01-01-1984.	Canadá-México. Convenio de Pensiones. Vig. 01-04-1996.				Canadá-Perú. Convenio de Pensiones. Vig. 10-04-2014.
								Quebec-Jamaica. <u>Convenio de Pensiones.</u> Sus.21-06- 1988. Vig. 01-01-1989.						

Estados Miembros de la OEA	28	29	30	31	32	33	34	35	36	37	38	Estados Miembros de la OEA
	República Dominicana	San Kitts y Nevis	San Vicente y las Granadinas	Santa Lucía	Suriname	Trinidad y Tobago	Uruguay	Venezuela	Andorra	España	Portugal	
Antigua y Barbuda												Antigua y Barbuda
Argentina							Argentina-Uruguay. Convenio de Seguridad Social 1974. Acuerdo Administrativo 1977. Derogados a partir de 1-6-2005 al entrar en Vigor el Acuerdo Mercosur.			Argentina-España. Convenio de Seguridad Social. Sus. 28-01-1997. Vig. 01-12-2004. Consultar en el epígrafe de Argentina. Acuerdo Administrativo. Sus. 03-12-1997. Vig. 01-12-2004. Protocolo complementario al Convenio. Sus. 21-03-2005. Vig. 16-08-2007.	Argentina-Portugal. Sus. 20-05-1966. Vig. 27-10-1967. Acuerdo Administrativo. Sus. 28-10-1971. Vig. 27-10-1967.	Argentina
Bahamas												Bahamas
Barbados												Barbados
Belize												Belize
Bolivia							Bolivia-Uruguay Acuerdo de aplicación del Convenio Iberoamericano. Sus. 06-11-1965. Vig. 01-04-1997.					Bolivia
Brasil							Brasil-Uruguay. Convenio de Seguridad Social de 1980 y Acuerdo Administrativo de 1980 derogados 01-06-2005 al entrar en vigor el Acuerdo Mercosur.			Brasil-España. Convenio de Seguridad Social. Sus. 16-05-1991. Vig. 01-12-1995. Combenio Complementario de Seguridad Social. Sus. 14-05-2002. Se aplica unilateral por España. Acuerdo Administrativo Sus. 23-11-2005. Vig. 23-11-2005.	Brasil-Portugal. Acuerdo Administrativo. Sus. 07-05-1991. Vig. 16-04-1995. Ajuste Acuerdo Administrativo. Sus. 07-05-1991. Vig. 15-04-1995.	Brasil
Canadá		Canadá-Saint Kitts y Nevis. Convenio de Pensiones. Vig. 01-01-1994.	Canadá-San Vicente y las Granadinas. Convenio de Pensiones. Vig. 01-11-1998.	Canadá-Santa Lucía. Convenio de Pensiones. Vig. 01-01-1988.		Canadá-Trinidad y Tobago. Convenio de Pensiones. Vig. 01-07-1999.	Canadá-Uruguay. Convenio de Pensiones. Vig. 01-01-2002.			Canadá-España. Convenio de Pensiones. Vig. 01-01-1998. Protocolo 01-05-1997.	Canadá-Portugal. Convenio de Pensiones. Vig. 01-05-1981.	Canadá
				Quebec-Santa Lucía. Convenio de Pensiones. Sus.16-09-1987. Vig. 01-01-1988.			Quebec-Uruguay. Convenio de Pensiones. Vig. 01-01-2002.					

Estados Miembros de la OEA	República Dominicana	San Kitts y Nevis	San Vicente y las Granadinas	Santa Lucía	Suriname	Trinidad y Tobago	Uruguay	Venezuela	Andorra	España	Portugal	Estados Miembros de la OEA
Honduras												Honduras
Jamaica												Jamaica
México							México-Uruguay. Convenio de Cooperación en Materia de Seguridad Social. Sus. 26-10-1988. Vig. 10-10-1990. Instructivo para la aplicación de la cláusula tercera Sus. 26-10-1988.			México-España. Convenio de Seguridad Social. Sus. 25-04-1994. Vig. 01-01-1995. Acuerdo Administrativo. Sus. 28-11-1994. Vig. 01-01-1995. Convenio Complementario. Sus. 08-04-2003. Vig. 01-04-2004. Consultar epígrafe de España.		México
Nicaragua	Nicaragua- República Dominicana. Acuerdo de Prestaciones Médicas. Sus. 17-10-1977. Vig. 18-10-1977.											Nicaragua
Panamá										Panamá-España. Convenio para la aplicación del Convenio Iberoamericano. Sus. 08-03-1978. Vig. 28-03-1980. Consultar epígrafe de España.		Panamá
Paraguay							Paraguay-Uruguay. Convenio de Seguridad Social. Vig. 01-05-1976 y su Acuerdo administrativo han sido derogados 01-06-2005. Al entrar en vigor el Acuerdo Mercosur			Convenio de Seguridad Social entre la República de Paraguay y España. Sus. 24-05-1998. Vig. 01-03-2006. Consultar en epígrafe de España.		Paraguay
Perú										Perú-España. Convenio de Seguridad Social. Sus. 16-06-2003. Vig. 01-03-2005. Consultar en epígrafe de España.		Perú
República Dominicana										República Dominicana.- España. Convenio de Seguridad Social. Sus. 01-07-2004. Vig. 01-07-2006. Consultar en epígrafe de España.		República Dominicana
San Kitts y Nevis												San Kitts y Nevis
San Vicente y las Granadinas												San Vicente y las Granadinas

APPENDICE 2

BILATERAL SOCIAL SECURITY AGREEMENTS ANALYZED

The analysis of social security agreement frameworks, based on recommendations put forth in *Analysis of bilateral and multilateral social security agreements study* (IACML Working Group document CIMT-18/GT1-GT2/doc.4/14), involves a sample of bilateral agreements that were selected vis-à-vis two conditions. Agreements were selected which were representative at a subregional level; and which provided an opportunity to analyze the impact of endogenous conditions (maturity of social security systems and health) and exogenous (migration, macroeconomic and employment status) on agreements. The following factors were also considered conducive to an agreement being selected: the manner in which an agreement evolved in each signatory country; migration trends in terms of host-country and country of origin; and pension-system type (funded, individual capitalization or mixed).

During this selection process, a sample was sought after which would provide an opportunity to analyze all the aforementioned factors, especially as they related to the issue of pensions. In the end, the following agreements were selected: Canada-US, Jamaica-Canada, Chile-US, Nicaragua-Costa Rica and Colombia-Spain.

2.1 Canada-US agreement

The agreement between Canada and the United States entered into force on 1 August 1984. A supplementary agreement entered into force on August 1, 1984, and a second supplementary agreement entered into force on 1 October 1997.

The agreement has characteristics that are important for the present analysis. It was signed by two, high-income countries, which share a border, have highly-developed pension systems. Additionally, neither country signed the CMISS (Latin American Multilateral Agreement on Social Security), even though the two nations are the destination of 75.5% of the immigration originating within the Americas.

Canada and the United States have very different policies with regard to social security agreements. While Canada has signed agreements with 17 countries within the Americas, the US only has two: Canada and Chile.

However, the United States does have a mechanism to pay social security benefits to naturalized US citizens living abroad. The US Social Security system currently pays benefits to 26 different nations within the Americas.

Although the United States has a highly-developed system to deliver monthly benefits to said naturalized US citizens who reside abroad or in their home countries, its coverage criteria varies depending on the characteristics of each of its bilateral agreements. For example, individuals may receive worker benefits for all countries in the Americas, except Paraguay and Suriname. But with regard to dependent or survivor benefits, Canada, Chile, Paraguay and Suriname are excluded.

For Canadian immigrants, the United States is the leading host country, whereas 867,411 Canadians live in the United States. For US citizens, Canada is the second-largest host country at 316,649 (see *Annex 2.1*).

In relative terms, Canada emigrants represent 3.7% of its population; whereas US emigrants account for 0.4% of the population. Immigration is another story: 20.7% of Canada's population and 14.3% of the US population are immigrants.

The per capita GDP (GDP-PPP) in Canada is 18.6% lower than in the United States, but both nations lead the Americas in this respect.

Canada and the US both have high per capita income (PCI-PPP) levels, in addition to very high human-development indexes. With regard to active contribution to pensions and replacement rate indicators, both nations lead the Hemisphere.

The main features of the bilateral convention Canada-United States of America and indicators that impact social security are described in the following tables:

Table 1. Principal characteristics of Canada-US bilateral agreement

Aspect	Canada	US
I. Legal framework	Old-Age Security Act and guidelines; Canada Pension Plan and related guidelines.	The laws governing the federal insurance program for old age, survivors, and disability. Title II of the Social Security Act and regulations pertaining thereto. Chapters 2 and 21 of the Internal Revenue Code of 1986 and related regulations.
II. Coverage		
a) Pension	Yes	Yes
b) <i>Healthcare</i> : medical care, sickness benefits, benefits in case of workplace accidents and diseases, etc.	No	No
c) <i>Others</i> : maternity leave; family, survivors and disability benefits, among others.	Yes	Yes
III. Achievement of fundamental principles		
a) Social equity for native-born and immigrant populations, in terms of Social Security.	Yes	Yes
b) Passage of applicable legislation.	Yes	Yes
c) Recognition of acquired rights and payment of acquired benefits to foreigners; totalization of benefits.	Yes	Yes
d) Recognition of rights being acquired.	Yes	Yes
IV. Qualifying periods to enroll or receive benefits, exceptions or delays		
a) <i>Length of residency</i> requirement in order for agreements to become applicable.	20 years of residency in the US.	6 quarters.
b) Retirement age. (men/women)	65 years/65 years	66 years /66 to 67 years in 2027
c) Minimum time in system (men/women)	Full pension requires about 40 years of contribution but one contribution is sufficient to qualify for pension.	10 years/10 years
V. Funding		
a) Funding scheme type: funded/individual capitalization/mixed.	Funded	Funded
b) Minimum pension.	Old-Age Security (OAS) pension for individuals age 65 years who meet residency requirements. Canada Pension Plan (CPP), 2013: US\$596 per month.	If income is less than minimum pension payment, which is based on contribution periods, monthly benefit varies between \$35 for 11 years of contributions and \$731 for 30 years. Senior citizens may also qualify for a pension based on means test (SSI).
c) Maximum pension.	As of 2013, the maximum monthly pension is \$1012	For workers retiring at age 66, the maximum monthly benefit is \$2366. This amount is calculated on the basis of the highest taxable income amount during each year after age 21.
VI. Agreement characteristics, administrative issues		
a) Agreement type: bilateral, multilateral.	Bilateral	Bilateral
b) Agreement duration/validity: legal duration or historical retroactivity, agreements and related legal instruments	Valid up to one calendar year after notification of termination is received. Vested rights or benefits payments derived from its implementation continue.	Valid up to one calendar year after notification of termination is received. Vested rights or benefits payments derived from its implementation continue.
c) Competent authority.	Ministers of the Crown responsible for the administration of applicable legislation. Minister of Employment and Social Development (Canada).	Secretary of Health and Human Services
c) Competent institution.	Employment and Social Development Canada and the Department of Finance.	US Social Security Administration
e) Mediation of disputes	No provision	No provision

Source: Leopoldo Valentín Vargas, through the use of information on the US-Canada social security agreement.

Table 2. Canadian-US indicators that impact social security

Canada		United States of America	
Canadian emigrants, by destination		US emigrants, by destination	
US	867,411	Mexico	848,576
UK	94,000	Canada	316,649
Australia	47,248	UK	222,201
Italy	27,293	Puerto Rico	188,954
France	25,293	Germany	111,375
<i>Other nations</i>	246,156	Israel	80,463
		<i>Other nations</i>	1,211,712
Total	1,307,417	Total	2,979,930
Total population	35,181,700	Total population	320,050,716
<i>Emigrant population (% of total population)</i>	3.7	<i>Emigrant population (% of total population)</i>	0.4
Canadian immigrants, by country of origin		US immigrants, by country of origin	
US	316,649	Mexico	12,950,828
Jamaica	142,933	China	2,246,840
Guyana	101,004	India	2,060,771
UK	94,000	Philippines	1,998,932
Trinidad and Tobago	76,310	Puerto Rico	1,685,015
Haiti	73,966	Canada	867,411
Other nations within the Americas	454,311	Other nations	23,975,293
Other nations	6,024,896		
Total	7,284,069	Total	45,785,090
Immigrant population (% of total population)	20.7	Immigrant population (% of total population)	14.3
Percentage of adult female immigrants	52.2	Percentage of adult female immigrants	51.1
<i>Percentage of immigrant population, by age group</i>		<i>Percentage of immigrant population, by age group</i>	
0-19 years	10.9	0-19 years	8.7
20-64 years	72.7	20-64 years	79.7
65+ years	16.4	65+ years	11.6
Socioeconomic and pension indicators		Socioeconomic and pension indicators	
Per capita GDP (PPP) (US\$) 2013	43,247	Per capita GDP (PPP) (US\$) 2013	53,143
Human Development Index (HDI) 2013	0.911	Human Development Index (HDI) 2013	0.937
Actively contributing to pension (males aged 15 to 64)	68.4	Actively contributing to pension (males aged 15 to 64)	78.5
Actively contributing to pension (males aged 15+)	85.4	Actively contributing to pension (males aged 15+)	100.0
Single-income replacement rate	57.3	Single-income replacement rate	63.8
Five-income replacement rate	31.1	Five-income replacement rate	40.3
Unemployment (% of working-age population) 2012	7.2	Unemployment (% of working-age population) 2012	8.1

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs, and the CISS Inter-American Observatory of Social Security (2014).

2.2 Jamaica-Canada agreement

The *Agreement on Social Security between Jamaica and Canada* was signed in 1983 and entered into force in 1984. It is one of the oldest agreements in operation. It was selected because it is highly representative of the relationship a CARICOM country might share with a high income country. Another feature conducive to its selection is the existence of a very active temporary agricultural employment program between both countries, creating a close relationship. The agreement is highly relevant to Jamaica, as Canada is the third-most common destination for its immigrants.

Jamaica has signed only bilateral agreements with Canada (1984) and Quebec (1988).

In the case of Jamaica, the agreement includes a paragraph on healthcare. An especially interesting part of the instrument is its statement on disputes. The agreement states that “the competent authorities of the two Parties shall resolve, to the extent possible, any difficulties arising from the interpretation or application of the Agreement, according to its spirit and fundamental principles.” This text sets the agreement apart from other instrument which were analyzed, whereas it establishes mechanisms for dispute resolution that is binding and conclusive.

Jamaican emigration can be considered as one of the highest in the continent, as 39.4% of its population lives outside the country and accounts for 13.8% of GDP. Remittances are a key source of supplementary income and often cover basic household expenses such as food, utility payments and education.

Differences in socioeconomic and pension indicators between Jamaica and Canada are very apparent. With regard to the Human Development Index, Canada registered a very high human development index of 0.911, while Jamaica is situated as a High Human Development country with its index of 0.730.

The per capita GDP (PPP) of Jamaica is five times lower than in Canada. Due to the fact that almost 40% of the population lives abroad, Jamaica’s social security system has a low active contribution rate which ranges between 12.5% and 16.7%.

The main features of the Jamaica-Canada agreement and indicators that impact the Social Security are described below.

Table 3. Main characteristics of the Jamaica-Canada bilateral agreement

Aspect	Jamaica	Canada
I. Legal framework	National Insurance Scheme Act	Old-Age Security Act and guidelines; Canada Pension Plan and related guidelines.
II. Coverage		
a) Pension	Yes	Yes
b) <i>Healthcare</i> : medical care, sickness benefits, benefits in case of workplace accidents and diseases, etc.	Yes	No
c) <i>Others</i> : maternity leave; family, survivors and disability benefits, among others.	Yes	Yes
III. Achievement of fundamental principles		
a) Social equity for native-born and immigrant populations, in terms of Social Security.	Yes	Yes
b) Passage of applicable legislation.	Yes	Yes
c) Recognition of acquired rights and payment of acquired benefits to foreigners; totalization of benefits.	Through totalization, after accruing 20 years.	Yes
d) Recognition of rights being acquired.	Yes	Yes
IV. Qualifying periods to enroll or receive benefits, exceptions or delays		
a) <i>Length of residency</i> requirement in order for agreements to become applicable.	Minimum of 20 years, residency recognized in Canada.	20 years of residency in Canada.
b) Retirement age. (men/women)	65 years/60 years	65 years/65 years
c) Minimum time in system (men/women)	Not available.	Full pension requires about 40 years of contribution but one contribution is sufficient to qualify for pension.
V. Funding		
a) Funding scheme type: funded/individual capitalization/mixed.	Funded and individual capitalization.	Funded
b) Minimum pension.	Not available.	Old-Age Security (OAS) pension for individuals age 65 years who meet residency requirements. Canada Pension Plan (CPP), 2013: US\$596 per month.
c) Maximum pension.	Not available.	As of 2013, the maximum monthly pension is \$1012
VI. Agreement characteristics, administrative issues		
a) Agreement type: bilateral, multilateral.	Bilateral	Bilateral
b) Agreement duration/validity: legal duration or historical retroactivity, agreements and related legal instruments	Valid up to one calendar year after notification of termination is received. Vested rights or benefits payments derived from its implementation continue.	Valid up to one calendar year after notification of termination is received. Vested rights or benefits payments derived from its implementation continue.
c) Competent authority.	Minister of Labor and Social Security and any other official assigned responsibilities under the terms of the agreement.	Ministers of the Crown responsible for the administration of applicable legislation. Minister of Employment and Social Development (Canada).
c) Competent institution.	Ministry of Labor and Social Security and any other entity assigned responsibilities under the terms of the agreement.	Employment and Social Development Canada and the Department of Finance.
e) Mediation of disputes	The competent authorities within both of the signatory states will resolve, vis-à-vis the spirit and fundamental principles of the Agreement, any difficulties which may arise from the interpretation and/or the application thereof, to the best of their ability.	The competent authorities within both of the signatory states will resolve, vis-à-vis the spirit and fundamental principles of the Agreement, any difficulties which may arise from the interpretation and/or the application thereof, to the best of their ability.

Source: Leopoldo Valentín Vargas, through the use of information from *Agreement on Social Security between Jamaica and Canada*.

Table 4. Jamaica-Canada indicators that impact the Social Security

Jamaica		Canada	
Jamaican emigrants, by destination		Canadian emigrants, by destination	
US	765,043	US	867,411
UK	145,505	UK	94,000
Canada	142,933	Australia	47,248
Cayman Islands	13,236	Italy	27,293
Bahamas	5,764	France	25,293
Other Caribbean nations	12,702	South America	16,095
		Central America	14,005
<i>Other nations</i>	9,716	<i>Other nations</i>	246,156
Total	1,094,899	Total	1,307,417
Total population	2,783,890	Total population	35,181,700
<i>Emigrant population (% of total population)</i>	39.3	<i>Emigrant population (% of total population)</i>	3.7
Jamaican immigrants, by country of origin		Canadian immigrants, by country of origin	
US	9,331	US	316,649
UK	7,139	Jamaica	142,933
Trinidad and Tobago	3,463	Guyana	101,004
Cuba	2,697	UK	94,000
Canada	1,979	Trinidad and Tobago	76,310
		Haiti	73,966
		Other nations within the Americas	454,311
Other nations of origin	10,298	Other nations of origin	6,024,896
Total	34,907	Total	7,284,069
Immigrant population (% of total population)	1.3	Immigrant population (% of total population)	20.7
Percentage of adult female immigrants	48.1	Percentage of adult female immigrants	52.2
<i>Percentage of immigrant population, by age group</i>		<i>Percentage of immigrant population, by age group</i>	
0-19 years	31.9	0-19 years	10.9
20-64 years	56.5	20-64 years	72.7
65+ years	11.6	65+ years	16.4
Socioeconomic and pension indicators		Socioeconomic and pension indicators	
Per capita GDP (PPP) (US\$) 2013	8,890	Per capita GDP (PPP) (US\$) 2013	43,247
Human Development Index (HDI) 2013	0.730	Human Development Index (HDI) 2013	0.911
Actively contributing to pension (males aged 15 to 64)	12.5	Actively contributing to pension (males aged 15 to 64)	68.4
Actively contributing to pension (males aged 15+)	16.7	Actively contributing to pension (males aged 15+)	85.4
Single-income replacement rate	No data	Single-income replacement rate	57.3
Five-income replacement rate	No data	Five-income replacement rate	31.1
Unemployment (% of working-age population) 2012	13.7	Unemployment (% of working-age population) 2012	7.2

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs; and the CISS Inter-American Observatory of Social Security (2014).

2.3 US-Chile agreement

The bilateral agreement between Chile and the United States was selected due to the following elements: the relationship between a northern and southern subregion; the migratory flow from a middle-income nation to a high-income nation; the relationship between funded and individual-capitalization schemes; and, as of the writing of this report, Chile is the only country in Latin America and the Caribbean to have signed a bilateral totalization agreement with the United States. Additionally, the US is the second-most common destination for Chilean immigrants.

The current agreement on social security between the Republic of Chile and the United States was signed in February 2000 and entered into force in June 2001.

There are significant differences between pension systems in Chile and the United States that impact the decisions of beneficiaries. They include retirement age, mandatory minimums for retirement and the difference between minimum and maximum pensions.

Importantly, the funding scheme in Chile is based on individual contribution. The issue is currently under debate in the country because its future replacement rates are deemed by some to be incompatible with a dignified retirement.

Chile has the third-highest number of bilateral agreements in the Americas, having signed 10 such instruments. Canada leads the hemisphere with 22, while Uruguay has 14.

The countries with which Chile has signed bilateral agreements are Argentina, Brazil, Canada, Colombia, USA, Peru, Uruguay, Venezuela, and Spain and Portugal, which are considered Latin American countries that are located outside the Americas.

Of all Chilean emigrants, 69% remain within the hemisphere; two-thirds of which are in Latin America and the Caribbean, and one-third in North America.

For the United States, immigration from Chile is not significant, with only 109,513 migrants out of a total of 26.2 million migrants within the Americas.

The per capita GDP purchasing power parity of Chile is 58.8% lower than in the United States.

The main features of the agreement between the United States and Chile and indicators that impact the Social Security are described below.

Table 5. Main features of the bilateral convention Chile-USA

Aspect	Chile	US
<i>I. Legal framework</i>	Laws concerning the so-called New Pension System for old-age, disability and survivors based on individual capitalization. Laws relating to old-age pension, disability and survivors managed by the Pension-sector Regulatory Institute (<i>Instituto de Normalización Provisional</i>)	The laws governing the federal insurance program for old age, survivors, and disability. Title II of the Social Security Act and regulations pertaining thereto. Chapters 2 and 21 of the Internal Revenue Code of 1986 and related regulations.
<i>II. Coverage</i>		
a) Pension	Yes	Yes
b) <i>Healthcare</i> : medical care, sickness benefits, benefits in case of workplace accidents and diseases, etc.	Yes	No
c) <i>Others</i> : maternity leave; family, survivors and disability benefits, among others.	Yes	Yes
<i>III. Achievement of fundamental principles</i>		
a) Social equity for native-born and immigrant populations, in terms of Social Security.	Yes	Yes
b) Passage of applicable legislation.	Yes	Yes
c) Recognition of acquired rights and payment of acquired benefits to foreigners; totalization of benefits.	Yes	Yes
d) Recognition of rights being acquired.	Yes	Yes
<i>IV. Qualifying periods to enroll or receive benefits, exceptions or delays</i>		
a) <i>Length of residency</i> requirement in order for agreements to become applicable.	None.	6 quarters.
b) Retirement age. (men/women)	65 years/60 years	66 years /66 to 67 years in 2027
c) Minimum time in system (men/women)	20 years/20 years	10 years/10 years
<i>V. Funding</i>		
a) Funding scheme type: funded/individual capitalization/mixed.	Individual capitalization	Funded
b) Minimum pension.	Basic pension of US\$151.	If income is less than minimum pension payment, which is based on contribution periods, monthly benefit varies between US\$35 for 11 years of contributions and US\$731 for 30 years. Senior citizens may also qualify for a pension based on means test (SSD).
c) Maximum pension.	No maximum pension limits, however limits do exist for contribution levels.	For workers retiring at age 66, the maximum monthly benefit is \$2366. This amount is calculated on the basis of the highest taxable income amount during each year after age 21.
<i>VI. Agreement characteristics, administrative issues</i>		
a) Agreement type: bilateral, multilateral.	Bilateral	Bilateral
b) Agreement duration/validity: legal duration or historical retroactivity, agreements and related legal instruments	Valid up to one calendar year after notification of termination is received. Vested rights or benefits payments derived from its implementation continue.	Valid up to one calendar year after notification of termination is received. Vested rights or benefits payments derived from its implementation continue.
c) Competent authority.	Minister of Labor and Social Welfare	US Social Security Administration
c) Competent institution.	Employment and Social Development Canada and the Department of Finance.	US Social Security Administration
e) Mediation of disputes	Disputes are resolved by the competent authorities. Unresolved disputes are sent to arbitration, mediation or via other alternatives agreed upon by the signatories.	Disputes are resolved by the competent authorities. Unresolved disputes are sent to arbitration, mediation or via other alternatives agreed upon by the signatories.

Source: Leopoldo Valentín Vargas, through the use of information from the Social Security Agreement Chile and the United States.

Table 6. Chile-USA indicators that impact the Social Security

Chile		United States of America	
Chilean emigrants, by destination		US emigrants, by destination	
Argentina	193,007	Mexico	848,576
US	109,513	Canada	316,649
Spain	62,031	UK	222,201
Canada	31,097	Puerto Rico	188,954
Australia	30,606	Germany	111,375
Sweden	29,000	Israel	80,463
Ecuador	16,518	<i>Other nations</i>	1,211,712
Other nations in South America	50,276		
Other nations	81,960		
Total	604,008	Total	2,979,930
Total population	17,619,708	Total population	320,050,716
<i>Emigrant population (% of total population)</i>	<i>3.4</i>	<i>Emigrant population (% of total population)</i>	<i>0.4</i>
Chilean immigrants, by country of origin		US immigrants, by country of origin	
Peru	149,335	Mexico	12,950,828
Argentina	66,701	China	2,246,840
Bolivia	27,105	India	2,060,771
Ecuador	21,525	Philippines	1,998,932
Colombia	15,525	Puerto Rico	1,685,015
US	9,984	Canada	867,411
Other nations within the Americas	43,164		
Other nations	64,912	Other nations	23,975,293
Total	398,251	Total	45,785,090
Immigrant population (% of total population)	2.3	Immigrant population (% of total population)	14.3
Percentage of adult female immigrants	52.9	Percentage of adult female immigrants	51.1
<i>Percentage of immigrant population, by age group</i>		<i>Percentage of immigrant population, by age group</i>	
0-19 years	24.3	0-19 years	8.7
20-64 years	70.1	20-64 years	79.7
65+ years	5.6	65+ years	11.6
Socioeconomic and pension indicators		Socioeconomic and pension indicators	
Per capita GDP (PPP) (US\$) 2013	21,911	Per capita GDP (PPP) (US\$) 2013	53,143
Human Development Index (HDI) 2013	0.819	Human Development Index (HDI) 2013	0.937
Actively contributing to pension (males aged 15 to 64)	40.4	Actively contributing to pension (males aged 15 to 64)	78.5
Actively contributing to pension (males aged 15+)	58.5	Actively contributing to pension (males aged 15+)	100.0
Single-income replacement rate	77.6	Single-income replacement rate	63.8
Five-income replacement rate	46.9	Five-income replacement rate	40.3
Unemployment (% of working-age population) 2012	6.4	Unemployment (% of working-age population) 2012	8.1

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs; and the CISS Inter-American Observatory of Social Security (2014).

2.4 Nicaragua-Costa Rica agreement

The *Agreement between the Costa Rican Social Security Fund and the Nicaraguan Institute of Social Security* was selected because the two nations share a very dynamic migration relationship. It also demonstrates the dynamics of an agreement signed between countries of the Central America subregion; agreements whose purviews are primarily limited to the issue of medical care.

Costa Rica is the leading destination of Nicaragua immigrants. Although the two States are in the same subregion, they have different levels of economic development.

Nicaragua has signed agreements with seven countries: Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Panama and the Dominican Republic. None of the agreements include the issue of pensions, whereas their purviews are limited to medical benefits or advice on matters of social security.

Costa Rica has signed agreements with four countries: Guatemala, Nicaragua, Panama and Uruguay. The agreement with Uruguay is entitled the *Administrative Agreement for the Implementation of the CMISS*.

Costa Rica is a CMISS signatory, but has yet to ratify the instrument. Nicaragua, for its part, has thus far opted out of the CMISS.

The per capita GDP (PPP) of Nicaragua is 67% lower than that of Costa Rica.

The main features of the agreement between Nicaragua and Costa Rica and indicators that impact social security are described below.

Table 7. Major features of the Costa Rica-Nicaragua Agreement

Aspect	Costa Rica	Nicaragua
I. Legal framework	Not specified	Not specified
II. Coverage		
a) Pension	N/A	N/A
b) <i>Healthcare</i> : medical care, sickness benefits, benefits in case of workplace accidents and diseases, etc.	Yes	Yes
c) <i>Others</i> : maternity leave; family, survivors and disability benefits, among others.	N/A	N/A
III. Achievement of fundamental principles		
a) Social equity for native-born and immigrant populations, in terms of Social Security.	Yes	Yes
b) Passage of applicable legislation.	Yes	Yes
c) Recognition of acquired rights and payment of acquired benefits to foreigners; totalization of benefits.	Yes	Yes
d) Recognition of rights being acquired.	N/A	N/A
IV. Qualifying periods to enroll or receive benefits, exceptions or delays		
a) <i>Length of residency</i> requirement in order for agreements to become applicable.	N/A	N/A
b) Retirement age. (men/women)	N/A	N/A
c) Minimum time in system (men/women)	N/A	N/A
V. Funding	N/A	N/A
a) Funding scheme type: funded/individual capitalization/mixed.	N/A	N/A
b) Minimum pension.	N/A	N/A
c) Maximum pension.	N/A	N/A
VI. Agreement characteristics, administrative issues		
a) Agreement type: bilateral, multilateral.	Bilateral	Bilateral
b) Agreement duration/validity: legal duration or historical retroactivity, agreements and related legal instruments	Indeterminate. However, agreement may be ended by either of the signatories thereto. Move to end agreement must begin three months after notice to rescind is received by other signatory.	Indeterminate. However, agreement may be ended by either of the signatories thereto. Move to end agreement must begin three months after notice to rescind is received by other signatory.
c) Competent authority.	<i>Caja Costarricense de Seguridad Social</i>	<i>Instituto Nicaragüense de Seguridad Social</i>

Source: Leopoldo Valentín Vargas, through the use of information from the *Agreement between the Costa Rican Social Security Fund and the Nicaraguan Institute of Social Security*.

Table 8. Nicaragua-Costa Rica indicators that impact the Social Security

Nicaragua		Costa Rica	
Nicaraguan emigrants, by destination		Costa Rican emigrants, by destination	
Costa Rica	303,523	US	83,920
US	274,493	Nicaragua	11,057
Spain	18,353	Panama	6,659
Panama	11,080	Canada	4,213
Canada	10,525	Spain	3,323
<i>Other nations</i>	37,143	<i>Other nations</i>	21,192
Total	655,117	Total	130,364
Total population	6,080,478	Total population	4,872,166
<i>Emigrant population (% of total population)</i>	10.8	<i>Emigrant population (% of total population)</i>	2.7
Nicaraguan immigrants, by country of origin		Costa Rican immigrants, by country of origin	
Honduras	12,717	Nicaragua	303,523
Costa Rica	11,057	Colombia	18,258
US	3,651	Panama	13,769
El Salvador	2,510	US	12,752
Guatemala	1,809	El Salvador	10,729
<i>Other nations</i>	10,098	<i>Other nations</i>	60,541
Total	41,842	Total	419,572
Immigrant population (% of total population)	0.7	Immigrant population (% of total population)	8.6
Percentage of adult female immigrants	48.2	Percentage of adult female immigrants	51.9
<i>Percentage of immigrant population, by age group</i>		<i>Percentage of immigrant population, by age group</i>	
0-19 years	39.2	0-19 years	17.4
20-64 years	56.0	20-64 years	77.0
65+ years	4.8	65+ years	5.6
Socioeconomic and pension indicators		Socioeconomic and pension indicators	
Per capita GDP (PPP) (US\$) 2013	4,571	Per capita GDP (PPP) (US\$) 2013	13,872
Human Development Index (HDI) 2013	0.599	Human Development Index (HDI) 2013	0.773
Actively contributing to pension (males aged 15 to 64)	14.4	Actively contributing to pension (males aged 15 to 64)	40.6
Actively contributing to pension (males aged 15+)	17.5	Actively contributing to pension (males aged 15+)	58.8
Single-income replacement rate	91.6	Single-income replacement rate	81.5
Five-income replacement rate	56.0	Five-income replacement rate	66.7
Unemployment (% of working-age population) 2012	7.7	Unemployment (% of working-age population) 2012	7.6

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from [International migrant stock: By destination and origin](#), UN Department of Economic and Social Affairs; and the CISS Inter-American Observatory of Social Security (2014).

2.5 Colombia-Spain agreement

The agreement between Colombia and Spain Social Security was selected because it provides an opportunity to analyze a CAN country that has signed the CMISS. It is also considered a solid reference point with which to guide the design of future agreements.

The Colombia-Spain agreement includes an important element. This is the right of the beneficiary to opt for the most favorable benefit. Article 9, paragraph 3 states that “each Signatory’s competent institution shall recognize and pay the benefit that is most favorable to the person concerned, regardless of (rulings) by the competent institutions of either Signatory”.

Spain has a stock of 2.4 million migrants from the Americas, of which Colombia is the second-largest country of origin.

Colombia has signed agreements with five countries: Argentina, Chile, Ecuador, Uruguay and Spain. It currently has no agreement with Venezuela, the US and Canada where 64.8% of its immigrants live.

Importantly, according to 2009 social security data on foreign workers in Spain, 113,652 unemployed Colombians were enrolled (94.2% of whom were aged 20 to 60 years). This is a significant amount when one considers that the total population of Colombian immigrants is 359,178; an estimated 80% of whom are of working age, and 50% women.

With regard to socioeconomic and pension indicators, the signatories demonstrate differences one would expect to find between high-income levels and middle-income nations.

The per capita GDP (PPP) in Colombia is 61% lower than that of Spain.

The main features of the agreement between Colombia and Spain, as well as indicators that impact social security are described below.

Table 9. Main characteristics of the Colombia-Spain Agreement

Aspect	Colombia	Spain
I. Legal framework	Laws, decrees, regulations and other measures related to Social Security policy within the territory of the signatories.	Laws, decrees, regulations and other measures related to Social Security policy within the territory of the signatories.
II. Coverage		
a) Pension	Median contribution with defined benefit and individual retirement account with basic pension.	Retirement.
b) <i>Healthcare</i> : medical care, sickness benefits, benefits in case of workplace accidents and diseases, etc.		
c) <i>Others</i> : maternity leave; family, survivors and disability benefits, among others.	Invalidity and survivors.	Permanent disability, death, and survivors for certain diseases or workplace accident.
III. Achievement of fundamental principles		
a) Social equity for native-born and immigrant populations, in terms of Social Security.	Yes	Yes
b) Passage of applicable legislation.	Country of residence.	Country of residence.
c) Recognition of acquired rights and payment of acquired benefits to foreigners; totalization of benefits.	Yes	Yes
d) Recognition of rights being acquired.	Yes	Yes
IV. Qualifying periods to enroll or receive benefits, exceptions or delays		
a) <i>Length of residency</i> requirement in order for agreements to become applicable.	10 years of average contributions	10 years of average contributions
b) Retirement age. (men/women)	62 years/57 years	65 years/65 years
c) Minimum time in system (men/women)	10 years of average contributions	10 years of average contributions
V. Funding		
a) Funding scheme type: funded/individual capitalization/mixed.	Mixed	Funded
b) Minimum pension.	Guaranteed minimum pension when the sum of benefits is less than the legal minimum wage, when the required contribution periods have been met.	To calculate the benefit the contributions accrued by the insured in Spain are tallied. The amount of the benefit increases vis-à-vis the amount of the increases and revaluations set each subsequent year. To receive benefit, the individual must meet required contribution periods.
c) Maximum pension.	The benefit corresponds to the sum of benefits. Each pro rata is considered individually in itself, and not as a pension.	To calculate the benefit the contributions accrued by the insured in Spain are tallied. The amount of the benefit increases vis-à-vis the amount of the increases and revaluations set each subsequent year. To receive benefit, the individual must meet required contribution periods.
VI. Agreement characteristics, administrative issues		
a) Agreement type: bilateral, multilateral.	Bilateral	Bilateral
b) Agreement duration/validity: legal duration or historical retroactivity, agreements and related legal instruments	Indefinite. However, agreement may be ended by either of the signatories thereto. Move to end agreement must begin three months after notice to rescind is received by other signatory via diplomatic channels.	Indefinite. However, agreement may be ended by either of the signatories thereto. Move to end agreement must begin three months after notice to rescind is received by other signatory via diplomatic channels.
c) Competent authority.	Ministry of Social Protection	Ministry of Labour and Social Affairs
c) Competent institution.	The entities or bodies in each of the signatory nations which are charged with the management and application of the related legislation.	The entities or bodies in each of the signatory nations which are charged with the management and application of the related legislation.
e) Mediation of disputes	The competent authorities must resolve, via negotiations, the differences in interpretation of the present agreement	The competent authorities must resolve, via negotiations, the differences in interpretation of the present agreement in addition to its administrative

	in addition to its administrative supplements. Should said differences not be resolved via negotiation within a period of three months, said differences shall be submitted to an arbitration commission, which shall be composed and whose procedures shall be set as per agreement by both signatories.	supplements. Should said differences not be resolved via negotiation within a period of three months, said differences shall be submitted to an arbitration commission, which shall be composed and whose procedures shall be set as per agreement by both signatories.
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Source: Leopoldo Valentín Vargas, with information Agreement between Colombia and Spain on Social Security.

Table 10. Colombia-Spain indicators that impact social security

Colombia		Spain	
Colombian emigrants, by destination		Spanish emigrants, by destination	
Venezuela (República Bolivariana de)	819,024	US	103 068
US	721,533	Argentina	90 494
España	359,178	Venezuela (República Bolivariana de)	61 332
Ecuador	181,115	Brazil	31 149
Canada	48,441	Mexico	21 700
Other nations in the Americas	145,232	Caribbean	19 684
Other nations	173,862	Uruguay	14 453
		Canada	12 284
		Chile	10 950
		The Americas	382 457
		The Americas, others	17,748
		Other nations	770,512
Total	2,448,385	Total	1,170,717
Total population	48,321,405	Total population	46,926,963
<i>Emigrant population (% of total population)</i>	<i>5.1</i>	<i>Emigrant population (% of total population)</i>	<i>2.5</i>
Colombian immigrants, by country of origin		Spanish immigrants, by country of origin	
Venezuela (República Bolivariana de)	45,402	Ecuador	451 184
US	18,346	Colombia	359 178
Ecuador	13,857	Argentina	268 129
Spain	6,455	Bolivia	185 203
Peru	4,911	Venezuela (República Bolivariana de)	155 034
México	2,779	Brazil	126 834
Panama	2,012	Cuba	115 078
Other nations	35,870	Uruguay	79 899
		Chile	62 031
		Mexico	47 441
		Other nations within the Americas	115,254
		Other nations	4,501,340
Total	129,632	Total	6,466,605
Immigrant population (% of total population)	0.3	Immigrant population (% of total population)	13.8
Percentage of adult female immigrants	48.4	Percentage of adult female immigrants	50.6
<i>Percentage of immigrant population, by age group</i>		<i>Percentage of immigrant population, by age group</i>	
0-19 years	39.9	0-19 years	12.3
20-64 years	53.9	20-64 years	80.2
65+ years	6.2	65+ years	7.5
Socioeconomic and pension indicators		Socioeconomic and pension indicators	
Per capita GDP (PPP) (US\$) 2013	12,371	Per capita GDP (PPP) (US\$) 2013	32,103
Human Development Index (HDI) 2013	0.719	Human Development Index (HDI) 2013	0.885
Actively contributing to pension (males aged 15 to 64)	23.6	Actively contributing to pension (males aged 15 to 64)	66.0
Actively contributing to pension (males aged 15+)	32.7	Actively contributing to pension (males aged 15+)	89.0
Single-income replacement rate	55.7	Single-income replacement rate	84.9
Five-income replacement rate	49.1	Five-income replacement rate	No data
Unemployment (% of working-age population) 2012	10.4	Unemployment (% of working-age population) 2012	25.2

Source: Leopoldo Valentín Vargas (2014). Based on 2013 data from UN Department of Economic and Social Affairs; and the CISS Inter-American Observatory of Social Security (2014).

3. LATIN AMERICAN MULTILATERAL AGREEMENT ON SOCIAL SECURITY

The *Latin American Multilateral Agreement on Social Security* (CMISS) was selected for the analysis of multilateral agreements. This was mainly because it was designed with the various systems and specific characteristics of Latin American countries in mind. Furthermore, it provides an opportunity to identify possible causes of why it has not been implemented to its full potential.

For the analysis, specific articles of the agreement were selected that exemplify the difficulty of covering a larger number of potential beneficiaries. Some very complex restrictions that make compliance with the full spectrum of pension requirements difficult were also selected.

Article 2 of the CMISS general provisions states that “the Agreement shall apply to persons who are subject to, or have been subject to, the social security legislation of one or more signatories, as well as their beneficiaries and rightful claimants.”

As such, the CMISS only applies to persons who are subject to social security in their country of origin; thus significantly reducing the number of people who might be potential beneficiaries.

Article 5 of the CMISS general provisions totalization states that “the competent institution of a signatory... shall take into account, if necessary, periods of insurance, contribution or employment authorized by the law of any another signatory as if said periods were covered under legislation deemed applicable to said (competent) institution.”

As can be seen, this arrangement allows each country do decide how to address the issue of insurance periods. Given the fact that the various pension-system funding schemes in the signatory States are dissimilar, and the emigration and immigration totals are usually quite different, signatories who are running a deficit have no incentive to perform totalization, as this would only mean additional pressure being exerted on their pension system funding.²⁷

Article 8 of the CMISS general provisions provides that “(the Agreement) will fully apply in all cases wherein no other social security bilateral or multilateral agreement among the signatories. Should a bilateral and multilateral agreement exist, the most favorable to the beneficiary shall apply.”

An example of how Article 8 operates on the ground is Spain. The nation has bilateral agreements with 13 countries; of which, for a variety of reasons, 12 are bilateral and only one is multilateral.

²⁷ Current funding schemes: Mandatory contributory, defined-benefit schemes that are publically- administered; mandatory occupational, contributory, funded systems that are privately-managed; mandatory contributory individual capitalization funds that are privately-managed; contributory, capitalized by notional accounts and that are publicly-managed; mixed or complementary systems; competing systems; and mandatory, non-contributory, universal publicly-managed funds [Ramirez B; 2014].

Table 11. Spain: bilateral agreements and CMISS

Nation	Bilateral agreement entry into force	CMISS status
Panama	1980	Applicant to CMISS, not a signatory
Venezuela	1990	Pending application agreement
Brazil	1995	Currently in force
Mexico	1995	Non-signatory
Canada	1997	Not applicable
Chile	1998	Currently in force
Uruguay	2000	Currently in force
Argentina	2004	Pending application agreement
Peru	2005	Pending application agreement
Paraguay	2006	Currently in force
Dominican Republic	2006	Pending ratification
Colombia	2008	Pending ratification
Ecuador	2011	Currently in force
Spain	Not applicable	Currently in force

Source: Leopoldo Valentín Vargas, 2014 with data from the OISS.