China Social Security Forum  
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Harmonious Society and Social Security  
Decent Work and Social Security

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Honorable Minister,  
Distinguished participants, Ladies and gentlemen,

This morning you heard the opening remarks of Mr. Khalid Malik, the Resident Coordinator of the United Nations Country Team in China. As a member of the UN Team, ILO shares in the views he expressed.

As many of you know, the ILO goal is to promote Decent Work. We are convinced that the ILO’s Decent Work Agenda can contribute to a sustainable route out of poverty, assist in addressing the growing economic inequalities both within and between countries and thus makes an important contribution to the achievement of the MDG’s. The ILO’s Decent Work Agenda, has recently been fully integrated into the international development agenda endorsed by the United Nations in the 2005 Outcome Document and the ECOSOC Ministerial Declaration in 2006. In other words, decent work has been included as a goal to be achieved within the MDG framework and timeline.

Why is this important to this forum?

Decent work is where men and women can have productive employment, social protection, make their voices heard and have fundamental principles and rights at work respected. Thus, providing social security for all is central to the achievement of decent work. Just last month in Busan, Korea at the ILO Regional Conference, members of Asian Pacific governments, trade unions and employers concluded that extending the effectiveness and coverage of social protection for all, including workers in the informal economy, was among one of the central interconnected priorities for realizing decent work and the reduction of poverty in countries in the region, including China.
The Chinese government has listed building a harmonious society as a strategic goal to ensure stability while seeking continuous economic giant steps in carving out its next five-year growth plan. This goal of achieving a human centered harmonious society essentially embraces the Decent Work Agenda.

Ladies and gentlemen, social security systems aim to provide people with income support particularly in cases of unemployment, invalidity, work injury, maternity, old age, or death of a breadwinner. They also aim to ensure access to health care. For the poor, social security is a lifeline against falling into poverty. It is thus understandable that a major priority in, China as elsewhere, is to extend social security to those not covered in existing systems.

In this regard, our global programme STEP (Strategies and Tools against social Exclusion and Poverty) has proven to be a powerful vehicle for extending coverage in the informal economy and rural communities. STEP has developed a series of tools that guide communities through the design and implementation of community-based health care financing systems.

While experience in social transfers in developing countries is relatively limited, the ILO demonstrated, using its simulation tools, that social transfers can help developing countries to tackle poverty. Estimations of the affordability of basic social protection package consisting of access to essential health care, basic old age pensions and child benefits conducted in Africa and Asia show the affordability of basic social transfers and their positive impact on poverty. The methodology used might even be interesting in China with some adaptation.

Demographic change has made pension reform a topical policy area worldwide. Various reform measures have been debated, including converting defined-benefit pension schemes, financed on a pay-as-you-go basis, into a pre-funded defined contribution schemes; linking contributions with future benefits and relegating re-distributive components to social assistance; and privatisation of the management of pension funds which aim to provide higher returns. Based on its quantitative studies, the ILO has signalled that such reforms would actually reduce income in old age, make pensions unpredictable, incur high administrative costs of private pension funds and reduce effective coverage. Rather, we urge countries to develop pragmatic multi-tier pension system solutions that combine the need to provide reliable benefits and to avoid old age poverty with the objectives of efficiency and long-term financial sustainability.

The ageing of populations, however, should not be reduced simply to a pension problem. Increased labour participation rates for all ages are imperative for maintaining the living standards of living in ageing societies. A key challenge is to find a right policy mix of social security measures, measures to activate endogenous labour force reserves, increase productivity and develop rational migration policies.

Another factor that provides a challenge to all countries national social protection systems, particularly in developing countries, are new public health threats. In addition to expected pandemics of other infectious diseases, the HIV/AIDS pandemic is the most prominent problem. A key challenge is to help countries to develop models to finance preventive and
curative care within the social security schemes through wide national and international risk pooling.

All of these topical questions for social security schemes are relevant for China, but here these must be met with an eye to the massive challenge of meeting the social needs of over 700 million workers.

In China, we know that many efforts have been made and are ongoing to extend the reach and improve the policy framework and delivery service of social security. Positive initiatives have been taken in areas such extending as employment injury benefits and pensions. We can expect to learn a good deal from this and other work. In its current five-year plan the, China has committed to increase social security input to build up and optimize a social security system which matches economic development and multi-layer as well as coverage extending to more people.

Thus given the needs and the articulated goals and plan, we see that there is an urgency for China to meet the formidable challenges in the social protection area by reinforcing and quickening the pace of its efforts. While complete reform takes a long time in any country, it is important that research and good pilots be put into practice as soon as feasible and possible.

And, during my discussions here I have personally experienced the commitments by our constituents – governments, workers and employers to the role that social security has to play in achieving harmonious society and Decent Work.

We think we all have a lot to learn from the solutions that will meet the national characteristics and needs of China. The ILO stands ready to support you in meeting your social protection challenge and by so doing assist you in the promotion of decent work.

I wish you full success in your deliberations.