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Towards Resilient Societies

Keynote Speech by

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Honourable Ministers,

Distinguished guests,

Ladies and Gentlemen,

It is my pleasure to speak with you today on the occasion of the 19th General Meeting of the Pacific Economic Cooperation Council (PECC). On behalf of the International Social Security Association (ISSA), I congratulate PECC on its impressive 30th anniversary. I would also like to thank the PECC for including the ISSA in this event, and our host, the Japan National Committee for Pacific Economic Cooperation, for its warm welcome.

The ISSA, which comprises some 340 social security organizations, ministries and agencies in over 150 countries, works to further the promotion and development of social security throughout the world primarily through technical assistance and administrative improvement. In recent years, the ISSA has introduced and improved services through which social security administrators have access to real and practical knowledge which directly impacts the quality of the programmes their organizations offer. These services, which ensure the continuous development of our members' skills as social security leaders who drive innovation and excellence, have become increasingly relevant given the

changes occurring in the environments in which social security administrators currently work.

We gather at a time when, in many countries, there are tentative signs of recovery following the financial and economic crisis. In times of crisis, the demands on social security administrations and the public's expectation of what social security should do for them escalate. Governments turn to social security administrators to draw upon the central role that social security institutions play in mitigating the human suffering and hardship worldwide.

Looking forward, social security must continue to be there for those who have access, but it is also imperative that coverage is extended to the millions more who struggle to survive without social security benefits and services. Central to the ISSA definition of Dynamic Social Security is the principle that social security coverage should be accessible to every member of society, an ambitious goal that the ISSA shares with our closest partner at the international level, the International Labour Office (ILO).

Allow me to highlight three trends in the Asia and the Pacific region which indicate the region is increasingly turning to social security to realize more socially inclusive and economically productive societies, thus more resilient societies.

First, many countries in this region have made significant progress in extending social security and health care coverage.

Second, increasingly, social security institutions in Asia and the Pacific are turning to innovative measures thereby improving governance and administrative performance.

Third, the Asia and Pacific region is moving towards integrated multi-tiered systems of social security. Efforts are focused on strengthening the link between non-contributory and contributory programmes in a coherent and integrated way.

Given the rapidly changing environments in which social security institutions work and the challenges they face, continued transformation is critical to their future success. The role of social security institutions worldwide is fast evolving, and moving ...

... from being administrative to being innovative.

... from being reactive to being proactive and preventative.

... from being inflexible and rigid to being flexible and resilient.

It is encouraging to see the social security efforts in the Asia and Pacific region reflect this evolution and today, I will draw upon regional experiences that illustrate this.

Employment promotion and unemployment insurance

Employment promotion and unemployment insurance positively impact not only the individual but society as a whole. Important efforts are being made in these areas in the Asia and the Pacific region.

Bahrain and Viet Nam have recently introduced unemployment insurance. In May 2010, in Jordan, a new social security law introduced unemployment insurance, and the implementation of coverage will begin next year.

In India, through the National Rural Employment Guarantee Act, or NREGA, every rural household whose adult members volunteer to do unskilled manual work is guaranteed 100 days of wage employment in a financial year. With funding recently increased, the programme went from being available in certain districts in 2006 to reaching the entire country in 2009, helping stimulate local economies while providing social protection.

Australia and the People's Republic of China have increased their investment in active employment policies and vocational training, to promote employment and prevent exclusion and long-term unemployment. Without such measures, unemployment rates might have been much higher in many countries.

Ageing and Pension

Governments in the region are responding to the challenge of demographic ageing by developing innovative, integrated and coherent responses to address the social security and health care needs of the elderly.

In Japan, New Zealand and Singapore, active ageing policies are being promoted and workplaces are being redesigned to support older workers in the labour market.

In Japan and the Republic of Korea, public long-term care insurance systems are being implemented.

Elsewhere in the world where demographic ageing is already a reality, there are various efforts to maintain older workers in employment and return them to work. There are at least three main strategies being pursued in this area. First, since older workers find it much more difficult to return to work than other

jobseekers, incentives are now being given to discourage early retirement and to continue working beyond a specific age. Ireland, Portugal and France are among the pioneers in this area. Raising the statutory retirement age, obligatory plans of action for the employment of older workers, and investments in further training are among the supportive measures being implemented along this line. Second, measures are being put in place to reintegrate older jobseekers such as those in Belgium, the Netherlands and Canada. Assisted employment placements, mentoring measures and the removal of obstacles that prevent retirees to return to work are among the strategies being pursued to support the employment of older workers. Third, educational and social awareness campaigns are being implemented to address a fundamental problem that relates to attitudes towards the productivity of older workers, specifically the notion that those who are over the age of 50 should be considered as incapable of being productive. The main objective of these campaigns is to change the attitudes of employers and workers to prioritize reintegration rather than early retirement of older workers.

Two common aspects of a number of national developments point to a move towards a greater use of “pillared” or “tiered” pension systems, and a growing importance accorded to improving the investment performance of defined contribution scheme assets. In the context of the current crisis, however, there is now a renewed debate about the role and the balance between different schemes in a multi-pillar approach.

Another important regional trend is the introduction of non-contributory pension schemes that complement the contributory schemes. In 2008, the Republic of Korea introduced a tax-financed old-age pension supplement that operates alongside the country’s social insurance programme. A similar two-tier approach operates in Brunei where a universal pension for all residents aged 60 or older supplements provident fund benefits. In May 2009, the Maldives passed

a Pension Act that introduced a tax-financed old-age pension for all citizens older than 65.

More recently, in the People's Republic of China, for farmers 60 and older, the government launched a pilot pension insurance programme which combines a budget-financed universal flat-rate social pension with an individual savings account.

The current global crisis highlights the challenges of expanding the role of public solidarity in social protection. In over a dozen countries in Latin America and the Caribbean, conditional cash transfer programmes are being implemented, not only to provide cash incomes to the most vulnerable groups including low-income families and children, but also seek cultural changes with respect to labour market participation and the use of health services and schools. For example, Brazil plans to mitigate the effect of the current crisis by adding 1.3 million more poor families to its cash transfer programme *Bolsa Familia*. In my country the Philippines, the government began a similar programme two years ago, to cover the poorest of the poor. Mothers are mandated to visit health clinics to get medical care for themselves and their babies. It also includes a feeding programme for children of school age to enable them to function better in school. The current administration is doubling the government budget for this.

Health care

According to the United Nations, in 2009, only one in five had adequate access to healthcare in Asia and the Pacific.

However, important steps are being made in the realization of universal coverage. Experiences in India, Jordan, the People's Republic of China, the

Republic of Korea, the Philippines and Thailand are indeed remarkable. In April 2008, a programme was launched by the Indian government to provide health insurance coverage for families below the poverty line. The programme was designed as a business model for a social sector scheme with built-in incentives for each stakeholder. In accordance with the new provisional Social Security Law of May 2010, Jordan has introduced a health insurance programme that will protect contributors, pensioners and their families who are not beneficiaries of other health insurance.

Safety and Health at Work

Close to the health care debate is another topic that is crucial for many social security systems. I am referring to the efforts to prevent occupational accidents and diseases through proactive and preventative approaches. Alongside with compensation and rehabilitation, prevention is one of the three key components of social security. The ISSA has built a case for prevention through a seminar on the economic benefits of prevention, by anchoring the topic of prevention as the main theme of the forthcoming XIX World Congress on Safety and Health at Work, and by including the topic of proactive and preventative approaches in the ISSA workplan for the next three years.

Another main activity of the ISSA in this area is the promotion of the **Seoul Declaration on Safety and Health at Work**, which was adopted in June 2008 by 46 high-level participants of the first ever Safety and Health Summit during the XVIII World Congress on Safety and Health at Work in Seoul, in the Republic of Korea.

The Seoul Declaration reaffirms that occupational safety and health is a societal responsibility as improved safety and health at work has a positive impact on working conditions, productivity and economic and social development.

The Declaration calls for a preventative safety and health culture, which gives the right to a safe and healthy environment and which is respected at all national levels. The signatories of the Seoul Declaration commit to actively participate in the securing of a safe and healthy working environment through a system of defined rights, responsibilities and duties, where the principle of prevention is accorded the highest priority.

A series of forums and meetings to support the Seoul Declaration have taken place in Asia (for instance in China and in the Republic of Korea) and around the globe including Mauritius. The result is impressive: To date over 250 organizations and businesses have expressed their support in promoting a preventative safety and health culture worldwide.

Migrant workers

With greater integration of regional and global labour markets, the social security needs of migrant workers have become increasingly important. In this region, the social protection needs of migrant workers are being taken more seriously by countries of origin and host countries alike.

In 2007, the Sri Lanka Bureau of Foreign Employment and the Social Security Board introduced a government-subsidized contributory pension for Sri Lanka's two million overseas migrant workers. Financing health care coverage for foreign workers is also becoming a more important policy issue, especially in the Gulf States. In 2007, a new health insurance law covering all expatriate professional staff and their dependants was introduced in Abu Dhabi in the

United Arab Emirates. The People's Republic of China is developing a portable pension scheme for millions of migrant farmers. As of the end of June 2010, the rural pension was being piloted in 320 counties and four municipalities. It is anticipated that coverage will be extended to 23 per cent of the country's rural areas by the end of 2010.

In terms of social protection for overseas migrant workers, my country, the Philippines, is an early pioneer and has a wealth of experience and lessons to share with you.

Factors driving regional social security progress

We are seeing three key factors behind the progress in social security development in this region. First, strong political will is of primary importance. Next, the incorporation of social security in national development strategies and increasingly integrated coverage extension strategies consisting of pluralistic approaches and flexible financing models is also important. And finally, the efforts towards improved administration and governance implemented by the region's social security institutions play a role.

Allow me to briefly address each.

Political will

As governments look to the future, the need for effective and efficient social security programmes has never been greater. Social priorities must be matched by requisite and sustained political will. In this region, social security is gaining increasing importance in government agendas in countries such as the People's Republic of China, India, Jordan, the Philippines and Viet Nam. In these same countries, the extension of coverage has been incorporated into national

economic and social development plans. Drawing from the lessons of the 1997 financial crisis, political agendas in Asia and the Pacific have accelerated the extension of social security coverage. This may help to explain why many countries in the region were more resilient and better prepared to respond to the crisis.

Integrated extension strategies

Access to social security offers social, economic and political benefits that contribute to social cohesion and stability in societies.

In the Asia and the Pacific region we have seen some of the most complex yet promising integrated coverage extension strategies. In the People's Republic of China, a recent extension strategy consists of a multi-tiered approach incorporating social assistance, social insurance, employer-sponsored voluntary schemes and private savings initiatives. This approach, coupled with increased government allocations, has allowed the People's Republic of China to extend social security coverage across all risks.

Responding to the challenge of the sometimes parallel development of social health insurance and community-based health insurance schemes, Lao People's Democratic Republic has linked these two approaches at the policy and administrative levels in an interesting manner.

Administrative improvements

Today, the growing mandate for better service and more effective operations has put the spotlight on administrative improvements in social security. Social security institutions in this region have made significant strides in improving

their administrative and operational efficiency, enhancing their fund investments and strengthening their client focus.

In recent years, the Philippine Social Security System Identification Card has evolved from a mere means of establishing a member's identity to a valuable tool to combat fraud, mitigate operational risks and facilitate electronic-based transactions.

Over the last two years, the Social Security Corporation of Jordan introduced a series of new E-services to address client satisfaction. Such initiatives include the user-friendly online data entry and inquiry service, and a "Mobile Social Security project" aimed at covering all Jordanians working abroad.

In the People's Republic of China, an increasing number of provinces are integrating their health insurance programmes. As of the end of September 2010, the unified social security card had been issued to 190 million people. The first phase of the Golden Insurance Project, and ambitious ICT solution, was completed earlier this year.

Thailand's Government Pension Fund and Malaysia's Employees' Provident Fund have diversified their portfolio allocations to include international investments and have also contracted asset and financial management expertise from other countries.

Good Practices in social security

In 2008 the ISSA introduced the Good Practice Award through which the ISSA members' good practices in the administration of social security are recognized. Today, I have drawn on the submissions to the Good Practice Award

programme and other good practices recognized by the ISSA's Technical Commissions. I encourage you to visit the ISSA good practice database on the ISSA Web site.

Social Security and resilient societies

A resilient society is one that prepares for and responds appropriately and effectively to risks. Worldwide, through the recent crisis, we have seen social security institutions respond effectively to new and unforeseen challenges. We have witnessed the contribution social security makes in creating resilient societies. The current environment has also made it clear that social security must continue to adapt to ensure the development of accessible, sustainable and high-performing administrations and programmes.

Increasingly, social security systems are at the centre of the social, economic, and political development of countries. In times of economic and financial crisis, social security is seen to be a crucial investment in the most important asset of any country: its people. As a consequence, the extension of social security coverage both in terms of population coverage and adequacy of existing benefits is a high priority in many countries of this region.

At the same time, social security institutions are increasingly expected to play a proactive role in social security development and reforms. I am convinced that the exemplary way in which this region's social security institutions are expanding their roles through proactive and preventative social security services will bring us closer to a reality of societies that are strong, dynamic and resilient.

In closing, I wish you all a fruitful meeting and thank you for your attention.