



Project 'Improving China's
institutional capacity towards
universal social protection'

International Conference on the Future of Social Security for New Forms of Work

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Executive Summary

The June session of the 2021 International Labour Conference called for a human-centered recovery through actions towards universal, adequate, comprehensive, and sustainable social protection systems that are adapted to developments in the world of work. The International Conference on the Future of Social Security for New Forms of Work was held in Beijing, China, from July 26th to 28th, 2022 by the International Labour Organization (ILO), the Ministry of Human Resources and Social Security of China (MOHRSS) and the European Union (EU). It addressed the question of how the future of social security can be strengthened and remain human-centered and explored different ways for social security systems to adapt to rapid demographic changes.

The theme of the first day of the conference was "Towards a Social Security System Adapted to the Future." The opening remarks were made by Mr. Yu Jiadong, Vice Minister of MOHRSS, Ms. Chihoko Asada-Miyakawa, ILO's Assistant Director-General and Regional Director for ILO Office for Asia and the Pacific and Mr. Tim Harrington, Deputy Head of Delegation, Delegation of the European Union to China. Keynote speeches were delivered by Ms. Anna Diamantopoulou, Chair of HLG on "High-Level Group on the Future of Social Protection and of the Welfare State in the EU," Dr. Zheng Gongcheng, Member of the Standing Committee of the National People's Congress of the PRC, President of the China Association of Social Security, on "Social Security in China: Overview, Challenges and Future Prospects" and Dr. Shahra Razavi, Director of the Social Protection Department of ILO Headquarters Geneva, on "High-Road Strategies for Universal Social Protection."

In Session 1 "Social Security and the Future of Work and Income," a discussion was carried out on the regulatory modes of new forms of employment in Europe and China by Dr. Alberto Barrio, a postdoctoral researcher of the University of Copenhagen, Dr. Yang Yang and Dr. Weng Renmu, associate researchers of the Chinese Academy of Labour and Social Security (CALSS) and Ms. Liu Peng, Deputy Director-General of the Unemployment Insurance Department of MOHRSS. They paid special attention to pension insurance, occupational injury protection, unemployment protection, and the implications of changes in the labour market for the social security of workers in new forms of employment.

On the second day of the conference, the discussion continued on the theme of "Towards a Social

Security System Adapted to the Future." In the discussion of Session 2 "Social Security Adaptation to a Super Aging Society," Mr. Nuno Cunha, Senior Social Protection Technical Specialist of ILO Decent Work Technical Support Team for East and South-East Asia and the Pacific, Mr. Qi Tao, Deputy Director-General of the Pension Department of MOHRSS, Mr. Fan Weidong, Director-General of the Department of Benefits in the National Healthcare Security Administration of China and Ms. Zhang Wentao, Director of the Employers' Department of China Enterprise Confederation, focused on how social security innovation can respond to the challenges of population aging so as to prevent poverty in old age, rationalize long-term care and enhance gender equality.

In the discussion on "Sustainable Social Security Financing" in Session 3, Dr. Carmelo Mesa-Lago, Professor of Pittsburgh University, Mr. Simon Brimblecombe, Head of the Regional Actuarial Services Unit of ILO Asia and the Pacific, Ms. Tang Xiaoli, Director-General of the Social Insurance Fund Supervision Bureau, MOHRSS and Mr. Jose Francisco Pacheco Jimenez, Member of the Board of Directors of the Central Bank of Costa Rica, talked about the multi-tier social security reform for the sustainable financing.

In Session 4 "European Perspectives on Aging and Sustainable Financing," Mr. Valdis Zagorskis, Deputy Head of Unit for Social Protection of the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission, Mr. Terry Ward, Director of Studies of APPLICA, and Dr. Yves Stevens, Law Professor of University of Leuven talked about the coping strategies and financing policies that EU have adopted in their pension and long-term care insurance in response to population aging.

The theme of the third day of the conference was "Robust and Agile Social Security Governance." In the discussion of Session 5 "Strengthening Social Security Administration and Services," Mr. Luis Frota, Project Manager of the ILO Country Office for China and Mongolia, Ms. Liu Jiawei, Director of the Communication Division of Social Insurance Administration (SIA) of MOHRSS, Ms. Fei Ping, Associate Researcher of CALSS, shared relevant domestic and foreign experience on how to improve the social security administration and service delivery systems to adapt to the changes brought about by the COVID-19 pandemic and new forms of employment.

In Session 6 "Human Centric Social Security Administration and Services," Ms. Song Jingyan, Director-General of the Information Center of MOHRSS, and Dr. Morten Meyerhoff, Advisor of the Operating Unit on Policy-Driven Electronic Governance of United Nations University (UNU-EGOV) shared domestic and foreign experience on the digital transformation of social security and discussed how social security can provide more personalized and seamless services for users with different needs and risks.

In the discussion of Session 7 "European and International Perspectives on Social Security Institutions and Digital Transformation," Prof. Dr. Ulrich Becker, Managing Director of Max Planck Institute for Social Law and Social Policy, Mr. José Fernández Albertos, Director General of Social Security, Spain, and Dr. Raul Ruggia-Frick, Director of the Social Security Development Branch, International Social Security Association (ISSA), talked about the experience of Germany, Spain and International Social Security Association on the changes in the organization and digital transformation of social security institutions to cope with emergent challenges.

Finally, the conference came to an end after the closing remarks made by Qian Xiaoyan, Deputy Director-General of the International Cooperation Department of MOHRSS and Dr. Changhee Lee, Director of ILO Country Office for China and Mongolia.

Introduction

The June session of the 2021 International Labour Conference called for a human-centered recovery through measures toward universal, adequate, comprehensive, and sustainable social protection systems that are adapted to developments in the world of work. Like other countries, China is facing challenges related to the automation of manufacturing and service industries, the digitalization of the economy and the rise of platform economy. Various technical, economic, social, and demographic factors are impacting structurally the labour market and social security systems. These trends affect the pursuit of universal coverage of social security, increase the risks faced by workers and harm the sustainable financing of social security. To face these challenges many countries are rethinking the role social security plays in promoting prosperity for all, and smoothing transitions of the labour market.

The International Conference on the Future of Social Security for New Forms of Work was held in Beijing, China, from July 26th to 28th, 2022 by the ILO, the MOHRSS and the European Union. The conference brought together high level speakers in the field of social security in China and from abroad. They spoke about the trend of digitalization in the economy and of the changes in employment relationships, considered the challenges faced by China and other countries in the future of social security and explored how to strengthen human-centered social security and for social security systems to adapt to rapid demographic changes. More than 100 people attended the conference. They were national and international experts and scholars from the central MOHRSS and its provincial branches of various provinces (autonomous regions and municipalities directly under the central government), representatives of the European Union and its Member States, representatives of the ILO.

The Opening Ceremony

Moderator: Dr. Changhee Lee, Director of ILO Country Office for China and Mongolia

Mr. Yu Jiadong, Vice Minister, MOHRSS:

The digital economy and platform economy have profoundly changed the way people live and work and have also significantly impacted the world of work. In China, platform employment has expanded the sources of employment, eased the pressure on urban employment, promoted the transfer of surplus rural labour, and helped the employment of difficult groups.

The Chinese government attaches great importance to the protection of the rights and interests of workers in new forms of employment while paying equal attention to development and regulation. It strives to coordinate the development of the platform economy and protecting the rights and interests of workers in new forms of employment. First, the Chinese government is establishing a protection system that adapts to platform employment and workers in new forms of employment. Second, taking occupational injury insurance¹ as a starting point, the Chinese government (or MOHRSS) seeks to improve social security policies for workers in new forms of employment and actively promote pilot programs of occupational injury insurance. Third, the Chinese government is increasing employment and entrepreneurship services for workers in new forms of employment, looking for models of vocational training suited to the characteristics of new forms of employment to enhance workers' professional skills.

MOHRSS is willing to deepen the exchanges and cooperation with the EU and the ILO in the field of social security. First, MOHRSS will do a good job in the follow-up work of the projects. Second, MOHRSS will maintain the focus on policy dialogue and technical cooperation to inject vitality into the cooperation. Third, the partners should give full play to the respective advantages of China, the EU and the ILO to jointly promote the development of social security in the world.

¹ Occupational injury insurance for platform flexible workers

Ms. Chihoko Asada-Miyakawa, ILO's Assistant Director-General and Regional Director:

The recovery after the COVID-19 pandemic is slow and uneven. The pandemic will continue to have a negative impact on employment and income, threatening poverty reduction and the goal of "decent work opportunities for all" stipulated in the goals of the United Nations 2030 agenda. Strong solutions are needed to address long-standing social inequalities.

Today, countries stand at a crossroads, facing a choice over the direction their social protection strategies should take. ILO encourages a human-centered and resilient recovery, based on universal, inclusive, comprehensive, adequate and sustainable social protection systems. ILO further encourages member states to consider the ratification of ILO Convention 102 on minimum social security standards. It will provide guidance to build effective and universal social protection systems.

The COVID-19 crisis highlighted the extent to which digital infrastructure can facilitate the expansion of social protection. Digital technologies can facilitate access to benefits. Yet personal data and privacy must be fully protected. It must be ensured that there are adequate accountability mechanisms. The digital divide must also be bridged to ensure that no one is left behind. In the past two years, ILO has carried out fruitful cooperation with China and the European Union in the field of social protection in new forms of employment.

Social protection is a key instrument to achieving social justice and social cohesion. Universal and lasting peace can be established only if it is based on social justice.

Mr. Tim Harrington, Deputy Head of Delegation, Delegation of the European Union to China:

Social protection plays a key role in achieving sustainable development, promoting social justice, and ensuring that the fundamental human right to social security is respected for all. However, despite significant progress in the extension of social protection coverage in many parts of the world, the human right to social security is not yet a reality for the majority of the world's population. The COVID-19 pandemic has revealed how important effective social protection and welfare systems are in order to cushion the economic and social impacts associated with any crisis. However, it has also highlighted the persistent coverage gaps in social protection. There are still gaps in coverage of social protection between different regions, genders, and work in formal and informal employment.

European societies have the highest levels of social protection in the world. All EU Member States have progressively rolled out universal social security coverage with most EU Member States covering the full range of benefits. The EU Member States have also strengthened the active labour market policy dimension in order to complement the passive social safety net approach. China, too, has come a long way in strengthening its social protection system. Public social spending has increased, minimum income support has been put in place, and pension coverage and health insurance coverage have been extended.

Meanwhile, China and the EU are facing some common challenges, including socio-economic changes such as population aging, the emergence of new family patterns, digitalization, new forms of work, climate change, globalization, and migration. Welfare systems are under pressure as population aging is putting a strain on government budgets; the financing of social protection is increasingly difficult; how to promote green transition through social protection remains a question.

One of the key objectives of EU-China cooperation in the field of employment and social affairs is to identify best practices to learn from each other's experience. The goal for the future of Europe is very clear: provide social protection to all, lift people out of poverty, reduce inequalities and empower all Europeans to fully contribute to society. This experience can be useful to China as well.

The Future of Social Protection

Keynote Speeches



Ms. Anna Diamantopoulou, Chair, High-Level Group on the Future of Social Protection and of the Welfare State in the EU:

The EU welfare system is at the center of EU policies. "Welfare is a right." The EU has established the High-Level Group on the future of EU social protection and welfare state to improve social welfare systems in the EU.

The mandate of the High-Level Group is to: "study the future of the welfare state, its financing and interconnections with the changing world of work and to present a report by end 2022." Its main responsibility is to develop a vision on how to reinforce social protection systems and the welfare state in light of ongoing and new challenges, in the medium to long term, to inform debates at EU and national levels and to inspire reforms.

As a first step, the High-Level Group analysed the "megatrends" impacting social protection and its financing. These megatrends include demographic changes, changing world of work, digitalization and technological change, climate change and green transition.

At present, the High-Level Group has taken the second step in its roadmap. It is estimating the implications of these megatrends on the design and scope of social protection systems and their financing. The High-Level Group is applying a lifecycle approach. It considers all welfare and fiscal implications of the ongoing macro changes, in particular the question of how to secure a fiscal diversified basis for social protection financing. A concern is to consider the fast pace of ongoing changes. In the current environment, the needs and risks are changing rapidly, and the High-Level Group intends to make recommendations aimed at keeping the quality of welfare states in the EU so that people continue to be protected with dignity and respect.

Dr. Zheng Gongcheng, Member of the Standing Committee of the National People's Congress of the PRC, President of the China Association of Social Security:

China's social security system developed the fastest in the world, since the beginning of this century, both in terms of the expansion of coverage and the continuous improvement of protection. It has not only become the basic institutional guarantee for all Chinese people to share the fruits of national development, but it also made important contributions to the development of social security in the world.

China's social security system is facing five major challenges. First, the fourth industrial revolution, the Internet and the rapid development of the digital economy have profoundly affected production and ways of life and work, and have a tremendous impact on employment patterns, labour relations and wealth distribution. These challenges have brought new challenges to the social security system. Second, the acceleration of population aging poses an all-round challenge to social security. Third, the process of urbanization and the high mobility of the population have forced China's social security system to move towards greater unity and fairness. Fourth, people need a comprehensive and effective response to their yearning for a better life. So, China must strengthen social security as an instrument of redistribution. Fifth, China's social security system needs to be further streamlined.

China's goal for the future is to build a high-quality and sustainable social security system in four areas. First, the current institutional arrangements should be streamlined. Second, the promotion of unity and fairness of the main social security system should be accelerated. Third, social security needs to improve its redistributive function. Fourth, the social security system needs to

operate according to the law and offer clear and stable social protection for the people through a sound legal system.

As the institutional support for China's common prosperity, the social security system with Chinese characteristics will reach maturity in the next 10 years. In this process, China needs to learn from international experience and to provide the world with Chinese experience as well.

Dr. Shahra Razavi, Director, Social Protection Department, ILO Headquarters Geneva:

Universal social protection is a basic right. The International Labour Conference pointed out that the definition of social protection emphasizes the comprehensiveness of coverage (for all life cycle risks), adequacy of benefits, predictability of benefits, and their sustainability.

Investing in social protection is key to social and economic development. Positive economic impacts of investments in social protection include impacts on individuals, households and enterprises at the micro level, on local economy at the meso level and on the overall economy at the macro level. In this regard, ILO proposes a two-dimensional strategy for the extension of social protection, which emphasizes guaranteeing access to essential health care and minimum income security for all in the horizontal dimension and progressively ensuring higher levels of protection in the vertical dimension.

At present, many countries have arrived at a "crossroads" of social protection. The "high-road strategy" is a policy orientation to invest in universal social protection systems, encompassing equitable protection to all women and men, inclusive of workers in new forms of employment. Universal social protection also emphasizes comprehensive protection against risks over the life cycle, adequate benefits at levels ensuring a life in dignity, health and income security. It also requires financial sustainability to ensure the continuity of individual rights in the long term.. This is still a challenge for many countries. The alternative however, a "low-road" approach involving minimalist social protection policies and fiscal consolidation will make countries less prepared when facing a crisis.

The majority of workers on digital labour platforms are not covered by social protection. The key principles for including the groups not covered by social protection include universality of protection including benefit adequacy, comprehensive risk coverage, benefit portability and transferability, transparency in social security policy and administration, gender equality, good governance, trust and financial sustainability.

Social protection is key for reducing inequality, especially for those with unstable employment. Higher social protection expenditure is associated with lower poverty levels. Social protection can significantly reduce inequality through its redistributive effects and achieve inclusive and sustainable economic development. By investing in USP, governments can unleash a virtuous circle of inclusive economic development, with greater redistribution of the benefits of economic growth and decent work.

Session 1 - Social Security and the Future of Work and Income



Moderator: Mr. Sergei Soares, Labour Economist, ILO Headquarters Geneva

Dr. Alberto Barrio, Postdoctoral Researcher, University of Copenhagen:

Work in new forms of employment in the EU rise from digitalization and changes in the labour market.. Features of the standard employment relationship include subordinate employment, stable employment, open-ended employment, full-time employment and work performed from a location set by the employer. Different from standard employment relationship, work in non-standard forms of employment include self-employment, casual employment, fixed-term employment, part-time employment and telework. In the European Union, the existing laws emphasize coordination rather than harmonization, which poses three common challenges to countries: exclusion (or exemption) of some workers in non-standard employment from formal social security coverage, lack of adaptation to different features and to the social risks of work in non-standard forms of employment, and lack of transparency on administrative procedures and working conditions.

In response, in recent years, the European Union has taken a series of response measures. These are guided by an overarching principle of labour-neutral social security systems. In 2019, a series of principled recommendations were put forward in the "Council Recommendation on Access to Social Protection for Workers and the Self-Employed." In 2021, the assumption of employment relationship was included in the "European Commission's Proposal for a Directive on Improving the Working Conditions in Platform Work" and the transparency of working conditions and algorithm management were emphasized.

In summary, most social security systems in the EU were designed around the standard employment relationship, which results in lack of formal and effective access to adequate social protection in the case of some workers in non-standard form of employment. This requires that the states and the Council of the European Union considers further the specificities of work in non-standard forms of employment in the implementation of social security principles.

Dr. Yang Yang, Associate Researcher, Chinese Academy of Labour and Social Security (CALSS):

Last year, CALSS cooperated with ILO in the project "Research on Pension Insurance of Workers in New Forms of Employment." The findings revealed some characteristics in insurance participation of flexible employees. The participation rates of flexible employees in different types of insurance are different, with the highest rate in pension insurance and the second highest in medical insurance. In terms of contribution levels, most of the flexible employees insured in basic pension insurance for urban employees choose to pay contributions by the lower limit of the local pension insurance, and the vast majority of those insured in the basic pension insurance for urban and rural residents choose to pay contributions at or below the medium level. Among migrant workers, most of the flexible employees are insured in the place of their registered residence, and in the pension insurance for urban and rural residents. Cases of repeated participation are rare, and the insurance period is generally short. In terms of their views on participation and payment, 43.2% of the respondents said that the burden of contributions was heavy, and 14.4% of the respondents said that they might therefore stop paying contributions. The majority indicated that they were willing to participate in the future, in pension insurance, especially in the basic pension insurance for urban employees. Looking at different groups of flexible employees, the research team found that the contribution payment of platform flexible employees is more significant than that of non-platform flexible employees.

The findings above reflect that the participation of flexible employees needs to be further improved, and the current level of contribution payment may have a negative impact on the

future benefits of this group. There are three main reasons. First, participation in pension insurance is related to the nature of employment relationship. Second, the workers are not very willing or able to participate in insurance due to their low income, instability, inadequate or incorrect understanding of policies, age factors and so on. Third, there are still some regulatory and administrative difficulties for the participation in pension schemes for flexible workers.

International experience shows that in the OECD, the coverage of pension systems also varies with different employment types. Recently, some countries classified some platform workers into employees to expand their employment rights. Most OECD countries require self-employed workers to participate in compulsory insurance and pay at the same contribution rates as employees. However, many countries still find that the coverage rate, contribution payment and level of benefits of self-employed workers remain at a lower level than that of employees. In response to these challenges, France is committed to improving the understanding of platform activities by the administrative authority. Chile retains the payment of social security contributions from the income source. In Sweden, it is mandatory for the platform or platform workers to register with an intermediary agency, which acts as the employer to ensure their participation and contribution payment.

As a result of these findings, CALSS recommends first, adhere to the principles of a unified system, fairness and neutrality of the labour market, to classify and standardize the participation of flexible employees in pension schemes. Second, the responsibilities of platforms in the protection of workers' rights and interests should be clarified. Third, the ability of basic pension insurance policies should be further adapted to workers' mobility. Fourth, policy publicity and guidance should be strengthened to improve workers' awareness about the importance of participation and contribution payment to pension schemes.

Dr. Weng Renmu, Associate Researcher, CALSS

China has a large growing number of workers in new forms of employment (NFE). According to official data, various platform enterprises attract large numbers of workers, ranging from hundreds of thousands to millions. There's a complex composition of workers in new forms of employment. According to the "Guiding Opinions on Labour and Social Security Rights and Interests of Workers in New Forms of Employment," NFE workers consist of three types, e.g., workers eligible for establishing labour relations, workers not fully eligible for establishing labour relations but managed by enterprises and workers with civil law relations.

For the first type of NFE workers, work injury protection is relatively complete. For the second and third types, work injury protection is not in place. Among them, the second type is newly emerging.. In order to meet their needs for work injury protection, the first choice is to include these workers in the current work injury insurance system. However, there are a few challenges, such as the difficulties in participation and contribution payment, in identifying work injuries, in determining liability and the level of benefits, and in accessing insurance services.

Based on original research, the CALSS elaborated a set of recommendations for work injury protection for NFE workers. First, the principles of national social security should be followed. To better protect the rights and interests of NFE workers, the government-led social security system is solely able to guarantee long-term benefits. The scheme protecting NFE workers against work injuries should be set within the framework of the current work injury insurance system, to maintain a unified level of benefits across different categories of workers and therefore to ensure fairness with other workers. Liability of different groups should be clarified. Workers not fully eligible for establishing labour relations should be mandatorily covered, with clearly defined responsibility of platform companies to pay contributions. For workers with civil law relations, voluntary participation applies.

Second, pilot programs should be carried out first. It is practicable to conduct pilot programs in selected provinces and cities with more advanced conditions, starting from workers not fully eligible for establishing labour relations, especially those in platforms with higher work injury risks and prone to decent work deficits e.g., car-hailing, food delivery, instant delivery, and intra-city freight delivery.

Third, specific policies and methods should be innovated. Participation and contribution payment could adopt the method of "project-based insurance participation," i.e., a lumpsum payment is made by multiplying the total amount of orders in the previous month and the contribution rate. The policy would define the conditions for identifying work injury. In terms of work injury benefits, platform enterprises should bear certain responsibilities when work injury occurs to platform workers in addition to paying contributions. Benefits for platform workers should be basically the same as those for employees, but innovations can be made in other aspects according to the characteristics of the platform workers. For insurance services, platform enterprises can also buy commercial insurance services, and benefit claims should be more convenient. Platform enterprises do not have to have locally registered entities to be able to get insured.

Ms. Liu Peng, Deputy Director-General, Unemployment Insurance Department of MOHRSS:

China's unemployment insurance is both social insurance and economic policy. Its functions are being expanded from protecting the unemployed to protecting enterprise employees, from relief to prevention, and from living security to employment security. China's policies and measures have contributed to stabilizing and increasing jobs, providing basic protection with the largest coverage, enhancing skills and capacities, and assisting benefit claims with quality services.

The unemployment insurance department implemented a policy mix to stabilize and increase jobs. The policy mix included a reduced contribution rate plus deferred payment, an optimized rebate policy for job retention, worker retention subsidies, and a lump-sum subsidy for increasing jobs. During the first half of this year, 71.5 billion yuan of unemployment insurance contributions were reduced and deferred, 33.1 billion yuan of job retention rebates were paid to 5.84 million enterprises, 8.7 billion yuan of subsidies was granted to 1.95 million enterprises.

The unemployment insurance implements regular and temporary policies aimed at expanding coverage in periods of higher need. The regular policies include unemployment insurance benefits, a lump-sum living allowance and an extended period of benefit payment. Temporary policies to expand coverage include unemployment allowances and temporary living allowances.

In terms of policies on subsidies for skill promotion, the coverage of beneficiaries has been continuously expanded from insured employees to recipients of unemployed insurance benefits, and benefit eligibility has been relaxed. The required period of contribution payment has been shortened from 3 years to 1 year. The service modes have been repeatedly innovated.

In terms of insurance services, a new service model of "3 Frees" is available. (It allows the insured to claim benefits without going to the service hall, access the services without certificates and receive payment without registration.) On the other hand, efforts are made to prevent risks in fund operation and integrity.

The moderator asked the panelists what they thought about classifying NFE workers into a new category of workers different from employees and self-employed workers.

Alberto Barrio: Because the classification standard is not fixed and the system of each country is very complex, no matter which classification is adopted, there will be problems. If a completely new classification method is adopted, it may not fit into the current institutional framework.

Therefore, I stress that the key is not classification itself but how to provide social protection.

Yang Yang: The pension insurance system has its specificities. All reforms involve historical rights and interests. Therefore, once a system is established, it will be difficult to reform. China can only improve the adaptability and inclusiveness of the system within the existing framework. If a completely new classification is adopted, it will be difficult for the system to adapt to the changing reality.

Weng Renmu: Conventionally, social security is generally studied within the scope of labour relations after the original labour relations are determined. However, I expect that with the changes brought about by NFE, the practice of occupational injury insurance in the future may have an impact on the definition of labour relations.

Liu Peng: From the perspective of unemployment insurance, since it is difficult to distinguish the employment and unemployment status of NFE workers, it is difficult to include them into the existing system now. MOHRSS has been exploring, but retirement, work injury and other priority risks may be offered the first basis for exploration. At present, there are still difficulties in identifying labour relations in unemployment insurance. It is hoped that the practice of pension and work injury insurance can provide experience for unemployment insurance.

The speakers were then asked to summarize their views.

Alberto Barrio: Each country has its own experience. Countries tend to focus on labour relations first, paying too much attention to the employment status of workers when considering options for income security. Today, our discussion provides a new perspective for income security based on the people, instead of their labour status.

Yang Yang: Since the 1990s, China's reform of the pension insurance system has been informed by the practices of European and American countries and making innovations on this basis. After many years of practice, China has also made significant contributions in expanding the coverage of social security and poverty alleviation. In the context of the growing number of NFE workers, the current economic development and the rapid development of digitalization and the internet economy, the social protection of NFE workers will be a growing challenge. It is necessary for China to further explore and innovate in this respect and to contribute its experience to the world.

Weng Renmu: The development of new forms of employment is both a challenge and an opportunity for the work injury insurance system. The system of work injury was built based on

traditional labour relations. New forms of employment call for innovation of work injury insurance system. First, without innovation, work injury insurance will lose its vitality. Second, innovation of work injury insurance is urgent. Otherwise, workers will fall into poverty due to injuries, which will prevent achieving common prosperity. China has the conditions for innovation of occupational injury protection in new forms of employment. In some foreign countries, the innovation of occupational injury insurance is often limited by the small number of participants. For example, due to the small number of workers and the technical difficulty, there is lack of motivation for reform. On the contrary, the number of NFE workers in China is large, and it is possible to carry out pilot projects in some areas first to develop experience.

Liu Peng: In recent years, China committed to building an unemployment insurance system with Chinese characteristics. MOHRSS is considering expanding unemployment insurance coverage to flexible employees at present. For example, according to the current policy, a beneficiary stops receiving unemployment insurance benefits only when he is re-employed in regular employment. This does consider the instability of work and income of flexible employees, and the necessity of providing basic living protection for them. There is still a lot of work to do to adapt the unemployment insurance system to new forms of employment and flexible employment. After the exploration of pension, medical care and work injury insurance for flexible workers, more innovative measures will also be introduced in the area of unemployment insurance.

Session 2 - Social Security Adaptation to a Super Aging Society



Moderator: Mr. Wang Junfang, Vice President of Chinese Academy of Labour and Social Security

Mr. Nuno Cunha, Senior Social Protection Technical Specialist, ILO:

Aging introduces challenges to social security. It may increase health hazards, the incapacity to work may raise poverty risks in absence of adequate retirement systems, and changes in family structure may mean less possibilities to provide care for the elderly. The platform economy and automation also have an impact on the future financing of old age pensions. In this context,

pension policies, must balance three key factors: universal coverage, adequacy of benefits, and financial sustainability. The three elements complement each other and require a dynamic balance to achieve the goals of poverty reduction, redistribution, income smoothing and risk sharing. Therefore, ILO proposes a multi-level pension framework, which provides the possibility for the combination of different goals and striking a balance suitable for the country.

There is no universal design for multi-tier pension frameworks. Designs are different in different countries. Systems are designed according to the national circumstances including the nature of labour markets and their governance and they are constantly changing. However, the core is that the importance of different levels depends on the division of responsibilities in the governance, administration and financing of the different components of the design between the state, the individuals and the enterprises. In the pay as you go systems, the state bears greater risks. In the individual account (fully capitalized) systems, the individual bears greater risks; in the occupational annuity system, the enterprise bears greater risks. Therefore, countries need to consider how to strike a balance among the state, the individual and the enterprise.

Although there is no fixed model for designing pension systems, ILO proposes the following general principles: universality, social solidarity and collective financing, adequacy and predictability of benefits, primary responsibility of the state, non-discrimination, gender equality and responsiveness to special needs, financial, fiscal and economic sustainability, transparent and sound financial management and administration, involvement of social partners and consultations with other stakeholders.

Mr. Qi Tao, Deputy Director-General, Pension Department of MOHRSS:

The past 10 years have witnessed a fastest development of China's pension insurance system. China has initially established a pension insurance system with Chinese characteristics, which has provided institutional guarantee for a secured life for the elderly. After the full coverage of the basic pension insurance system, the protection capacity continued to be enhanced.

Social security plays an important role of a cushion in economic development. In response to the COVID-19 pandemic, a timely policy of temporary reduction, deferral and exemption of insurance contributions for enterprises was introduced. Pension benefits, which have been raised continually, are paid in full and on time to share the fruits of reform and development with all. The quality of service has been remarkably improved. People now have access to more convenient and efficient services.

At present, China's pension insurance system faces three major challenges. First, the population is aging. China's large population, and the rapid the aging have led to the reduction of the working age population, reducing the financing base of pension systems, a sharp increase of payment pressure.. The second challenge is associated with urbanization. The massive shift of rural labour to urban non-agricultural industries requires social security to be better adapted to the mobility of labour. The third is related to diversified employment forms. There is a need to enhance the flexibility, inclusiveness, and adaptability of the social security system and to innovate ways of delivering social security services.

Accordingly, the priorities are the following. First, the full coverage of pension insurance remains a key priority. Second, the national pooling of basic pension insurance and the unity and equity of the system will be accelerated. This includes unified policies, unified fund revenue and expenditure management, and effective evaluation, reward and punishment mechanisms. Third, a multi-tier and multi-pillar pension insurance system will be developed to meet the diverse needs of the elderly.

Mr. Fan Weidong, Director-General, Department of Benefits, National Healthcare Security Administration of China:

China's long-term care insurance policy is an important institutional arrangement that complements the other existing (5+1) components of the social security system. It is established and administered by the government, following the basic rules of social insurance. China's long-term care insurance policy addresses the needs of life care and medical care related to the longer aging of the population. By the end of 2021, the two pilot projects have covered 49 cities, with 145 million people insured and a total of 1.65 million people receiving benefits.

In terms of coverage and beneficiaries, long-term care insurance covers all urban and rural residents. First, pilot projects are carried in cities and are then gradually expand to other settings. In the pilot cities, employees and the basic needs of the severely incapacitated elderly are first targeted and including protection for the employed and unemployed. Long-term care insurance adopts diverse financing mechanisms, clarifies proper sharing of responsibilities, sets benchmark rates and provides special policies (for example, money in an employee's medical insurance account can be used to pay the contributions of his family members; and a contribution subsidy mechanism for people with financial difficulties is established to help with payment of family members' contributions). In terms of benefits, long-term care insurance has strict provisions of benefit eligibility, standardized fund payment, a clear scope of the basic coverage, established baseline benefits, and regulated incapacity rating. In terms of payment policy, long-term care insurance encourages home care services and innovates payment methods.

The smart monitoring rules and systems will be improved, assessment indicators and methodology will be implemented, management and services will be further coordinated, services will be innovated, and service procedures will be standardized

Ms. Zhang Wentao, Director, Employers' Department of China Enterprise Confederation:

China is facing rapid population aging, which will bring a series of social challenges. Actively responding to population aging is a major public issue involving multiple levels, subjects, mechanisms and stakeholders. It requires collaborative governance at levels of government, market and society to build a multi-facet governance system of government, market, society, and family.

The government is an important player in the cooperative governance of an aging society. First, the government should promote the development and improvement of relevant rules and regulations. Second, the government should consider in an integrated manner the actual gap between urban and rural social governance of population aging. Thirdly, it is necessary to clarify the boundaries of government responsibilities and build an elderly care service system "based on home care, supported by community care, supplemented by care providers and integrating medical care and health care." Finally, from a long run perspective, the government should pinpoint the direction of social governance of aging and adapt to new forms of employment and make full use of smart technologies.

The market also plays a role in allocating resources. China's reforms to streamline the government, delegate power, and improve services in the elderly care industry indicate that the next priority is to enhance the autonomy of the elderly care market. On one hand, big data will help improve the operational efficiency of private care providers; on the other hand, existing care providers can operate continuously and in a larger scale. In addition, professional evaluation agencies for care services should be established

Social organizations should play an active role, government-led exemplary social organizations can help expand the elderly care service market and value the importance of the community and family.

The problem of population aging is not a simple problem of old age or a health problem, but a multi-facet problem involving the pension insurance system, elderly care service undertakings, and private industries. CEC suggests flexible or delayed retirement systems considering the actual circumstances of various economic sectors and industries, give full play to the "elderly population dividend" and grass-root governance to strengthen the relationship between the elderly and society.

The moderator then observed that the issue of elderly care of migrant workers has attracted a lot attention. He asked panelists if the individual pension system (third pillar) could further support and encourage migrant workers to participate in their own protection in old age.

Qi Tao: There are three problems in the participation by migrant workers to pension schemes. Migrant workers can be reluctant to participate, may be unable to afford contributions, and sometimes are unable to participate in practice to pension schemes. They can be reluctant because they value their current income more than their long-term income. They often have low incomes. It is also not always convenient to participate or transfer their entitlements to a different region. Through such reform measures as national pooling and unified information systems, the problem of not being able to participate will be solved. As for the problem of reluctance to participate, the regulations should be standardized, law enforcement should be strengthened, and participation could be encouraged through subsidies. The new individual pension system (third pillar) to be launched this year will consider the adaptability of design and administration to flexible employees and migrant workers. During the operation of pilot programs, the system will be adapted so that migrant workers can benefit from improved policies and enjoy better protection.

The moderator then indicated that China faces a prominent shortage of long-term care workers. He asked if there were any measures to tackle the problem.



Fan Weidong: The key reason for the slow popularization of the long-term care insurance is short supply of services, and the root cause is the shortage of service personnel. There are several related shortcomings related to the latter issue. First, the total service supply is insufficient. Secondly, the supply is unevenly distributed between urban and rural areas, it is concentrated in the downtown areas of large cities, resulting in a shortage in the suburban and rural areas. Thirdly, the capacity of service personnel needs to be enhanced. The problems can be solved in different ways. First, the care occupation will be included in the national vocational code, which will promote the sector and the sense of professional identification of caretakers and will enhance vocational education through the cooperation with education, human resources, and social security departments. Second, a service platform for employees will be built. Third, the profile of the occupation will be raised to attract young people. Fourth, the long-term care workforce will be consolidated through services insurance and reasonable labour remuneration.

The moderator then asked what were the challenges of long-term care insurance in coordinating with social assistance?

Fan Weidong: responded that the first challenge is how to coordinate the allocation of funds. Should we use the money to subsidize the insurance or provide social assistance benefits. Second, if we were to subsidize social relief, should we subsidize with cash or in kind services? The third challenge is how to divide and focus on certain groups of people. How should the government formulate rules and standards, and determine the boundary between the two systems?

To the question of how to involve market players in the sector of elderly care service, Zhang Wentao said: In the sector of elderly care service, the government can play a good guiding role and create a better business environment. Only through the joint efforts of the government and the market can there be a successful development of the elderly care sector. If the government does a good job in formulating rules and giving guidance, the market can play a greater role, because reasonable policies can guide market participants to actively participate in the elderly care service, not just here to fulfill corporate social responsibilities. However, the situation is still far from ideal at the moment. At present, some elderly care providers are still struggling to survive.

Session 3 - Sustainable Social Security Financing



Dr. Carmelo Mesa-Lago, Professor, Pittsburgh University:

In 1980-2008, 11 Latin American countries shifted totally or partially from defined benefit, pay-as-you-go (PAYG) and public administration to defined contribution, fully-funded individual accounts and private administration. The models of structural reform include substitutive, parallel and mixed models². Some countries, such as Argentina, Bolivia, El Salvador, Mexico and Chile, carried out a second reform after that.

² Mesa-Lago, Carmelo, *Reassembling Social Security: A Survey of Pensions and Health Care Reforms in Latin America* (Oxford Academic Press, 20 Apr. 2015)

According to the five key social security principles proposed by the ILO, namely, universal coverage, social solidarity and gender equality, adequacy of benefits, efficient administration and reasonable administrative costs, financial and actuarial sustainability, none of the Latin American countries fulfilled their commitments made at the beginning of the reform.

The coverage of the labour force decreased in all countries after the reforms. Social solidarity improved in most systems due to state policies such as non-contributory pensions, fiscal subsidies to low contributive pensions and inclusion policies. However, private pension systems also worsened gender inequality. In terms of benefit sufficiency, the average RR (replacement rate) in the private systems was 39.8%. In other words, the RR in 5 private systems is lower than the 40% (ILO C. 102 minimum standard). In terms of efficient administration and reasonable administrative costs, competition has not functioned in most private systems. Concentration and management costs have increased. In terms of financial and actuarial sustainability, the reform significantly increased the capital assets owned by the funds, which was the only reform commitment that was fulfilled.

Mr. Simon Brimblecombe, Head of the Regional Actuarial Services Unit, ILO Asia and the Pacific:

From the perspective of financing, the aging of the population leads in most countries to an increase in the cost of the same level of welfare, brings pressure on the contribution base; and financing health benefits become increasingly complex. According to the ILO, the key financing principles should include fairness between and across generations, and the diversification of financing approaches. This implies the need to take human capital and innovation as key drivers of growth instead of cost of labour and considering other reform options.

On the cost of benefits, decisions on the level of financing required should be evidence based. Different forms of provision (e.g., defined contribution individual accounts) may have other advantage but do not reduce the cost of financing pensions. In addition, attention should be paid to long-term costs. Financing should be considered together with changes in the quality of provision over time. It is also necessary to consider the issue of fairness between and across generations in the context of climate change and natural resource scarcity which can affect total factor productivity in different regions and across time, and the incidence of the costs and risks of climate change amongst different generations.

On the subject of payment, employers' contribution rates should reflect their benefits from social security. Aging economies require a shift of focus from lower costs of labour to supporting

economic growth. In terms of the impact of financing, increase of labour costs due to social security encourages innovation and productivity. Financing mechanisms should also be redistributive as benefit provision becomes less so with fragmented careers. Finally, social security costs should be shared between employers and employees to support adequate benefit levels and better reflect the cost of labour but also the investment in human capital.

Regarding the timeframe of contribution payment and building up of reserves, future benefits are paid out of future resources of the economy including tax revenue, contributions and assets. Building up social security reserves has many advantages if managed correctly. They can also be wasted if not properly governed, affecting not only economic growth but also people's confidence in state or privately managed pension systems.

Financing mechanisms are an important lever in ensuring wide coverage and reducing inequality, often more so than benefit provision. In turn, wide coverage ensures financial sustainability of national public pension schemes. In adapting to the fragmented labour market, pension systems should move away from an idea of an "formal versus informal worker". The fundamentals of the traditional social security system may not have changed but the approaches need to change for all workers, such as using appropriate technologies to collect contributions, flexible payment conditions, good communication and compliance, and recognition that careers are more fragmented.

Ms. Tang Xiaoli, Director-General, Supervision Bureau of Social Insurance Fund, MOHRSS:

The Chinese government attaches great importance to the development of the social security system. In the past decades, the coverage of China's basic pension system has been continually expanded, the benefit levels raised, and the fund assets steadily increased. China's basic pension insurance system is playing the central role in providing a secured life for the elderly.

First, multiple measures are taken to expand the source of basic pension funds. The main financing channels and funding sources are social security contributions and fiscal subsidies. Another source is a national social security fund established to meet the expenditure needs of the aging population. A third source is state-owned capital transferred to supplement the social security fund. This is to fill the gap in the basic pension fund for enterprise employees caused by the policy of "deemed same period of payment."³

³ Explanation :

Second, precautions are taken to enhance the fund's capacity to generate returns. The investment and operation of pension funds feature centralized administration, multiple asset allocation, market-oriented operations and coordinated regulation. In 2021, the contracted amount in 31 provinces (autonomous regions and municipalities) and Xinjiang Production and Construction Corps was over 1.5 trillion yuan and the actual amount received was over 1.2 trillion yuan.

Third, comprehensive measures are taken to ensure the sustainable development of basic pension insurance system. They include determining the financing modes and channels based on China's actual national conditions, proper sharing of responsibility, planning and foresight and investment and operations of pension funds on the premise of safety.

In the future, while continuing to do a good job in the collection of basic pension insurance contributions and promoting the preservation and appreciation of the fund, priority will be given to improve the fund's ability to pay, better meet the expectations of the people, and to contribute to the healthy economic and social development as well as social harmony and stability.

Mr. Jose Francisco Pacheco Jimenez, Member of the Board of Directors, Central Bank of Costa Rica:

The contractual arrangements underpinning the organization of social security systems have traditionally been characterized by long-term or indefinite terms and salaried, full-time subordinate labour relations. Automation, digital economy and network economy have disrupted these patterns of work and promoted new forms of employment (NFE) with distinct features. Potential effects of NFE on job quality are the decline in the number of effective number of hours worked, the reduced labour security and overall occupational health conditions, legal uncertainty and reduction of the worker's bargaining power. In fact, new forms of employment blur the concept of labour relations and other non-labour working relations. Therefore, the features of NFE do not fit traditional social insurance requirements or entry conditions. The standard package of benefits also does not perfectly match the priorities and needs of workers in NFE. The funding is necessarily born differently from the financing of social security of wage workers since there is no social security responsibility from the employer in the case of most workers in NFE. Contributions fall 100% on the shoulders of the workers. The mismatch between the new forms of employment and the traditional social security design may lead to the exclusion of some groups.

New forms of employments may pose risks to the financing of social protection, which prompt policymakers to think about how to create fiscal space for enhancing coverage. Financing sources

include expanding social contributions, expanding tax sources, budget reallocation and non-traditional sources.

The reform of social security system needs to broaden the definition of income in the funding of social security. First, contributory-based financing should remain the key source of funding. Second, the role of taxation has increased over time across all social security systems and should be further explored. On one hand, joined-up taxation and social security services can facilitate the collection of contributions; these could be simplified for certain workers in NSFE, and on the other hand, participation can also be stimulated by tax expenses (such as tax credits, subsidies, matching grants) bringing in new contributors to the funding base. However, attention must be placed to avoid the disconnection of social security from employment and the risks that resulting benefits and other related protections associated with traditional labour relations be reduced in case of workers in NSFE.

The moderator first asked if the pension systems in Latin American countries were financially sustainable.

Carmelo Mesa-Lago: The key to maintaining the financial sustainability of the pension system is how to realize the financial connection between the public pension and the private pension. Chile and Costa Rica are relatively successful cases. For example, Chile has achieved financial sustainability through legislation and financial adjustment, and Costa Rica through reforms to enlarge the proportion of public pensions. Colombia, however, had problems with financial sustainability.

The moderator then asked if the management cost of Latin American pension fund companies decreased in recent years.

Carmelo Mesa-Lago: In recent years, Latin American countries have not made much progress in this regard. Costa Rica made some attempts and achieved some results. Costa Rica reduced

⁴ In Brazil, the tax regulations have been simplified for micro and small enterprises to allow eligible companies to file a single simplified annual tax declaration, instead of monthly tax declarations for eight different taxes. Certain micro-entrepreneurs can use another simple mechanism that allows for one flat payment integrating seven different taxes and social security contributions. Payments can be effectuated online, on a monthly or quarterly basis, to attend to the situation of workers with income fluctuations or revenues that are seasonal. The monotax regime (monotributo or unified contribution) also facilitated the formalization of workers. The main motivation to participate in this regime is to gain access to social security. Source: Razavi, S. Making the Right to Social Security a Reality for All Workers. Ind. J. Labour Econ. 65, 269–294 (2022)

operation costs and management fees by establishing a public pension management institution, thereby forcing private pension management institutions to reduce their costs. In addition, it also invited bids for management institutions, so that only those with lower management fees could enter the supply system to compete.

The panelists summarized their contributions in the following ways.

Simon Brimblecombe: Social security is an investment beneficial to the national economy. Because of the importance and growing contribution of workers in NSFE to the economy, social security must consider the best ways to protect these workers.

Jose Francisco Pacheco Jimenez: Technological improvement affects the labour market and social security models. Policy makers must change their views and traditional definitions of the social security system in order to achieve universal coverage and universal protection, and to avoid disconnecting the social security system with the labour market.

Tang Xiaoli: First, social insurance financing should be sustainable, and different rates and standards can be determined for different categories of people. Second, social insurance funds should be invested and operated to strengthen their capability to generate returns. Third, the social insurance system is the responsibility of the state, and the government should take precautionary measures to ensure its sustainability.

Session 4 - European Union's Perspectives on Aging and Sustainable Financing



Moderator: Mr. Lluís Prats, Head of Unit, International Affairs, Directorate-General for Employment, Social Affairs and Inclusion, European Commission

Mr. Valdis Zagorskis, Deputy Head of Unit for Social Protection, Directorate-General for Employment, Social Affairs and Inclusion, European Commission:

There are large differences in organization and financing of social protection in EU countries. However, like other countries, Europe is also facing challenges in aging and labour market changes.

In terms of pension adequacy, the income of people over 65 years old in the European Union is 90% of that of the working age population, and the poverty risk is equivalent to that of the working age population, but there are large differences among the countries. Gender inequality has become more pronounced in old age, and the pension level of women is about 30% lower than that of men. In general, spending on pension benefits remains stable overall, with a gradual shift to more tax-financing. The poverty in old age shows countercyclical changes with the economy and gender differences. In response, first, EU should promote later retirement mainly through incentives. Second, EU should improve income maintenance capacity and inclusiveness of pension systems, including the protection of non-standard employees and self-employed workers. Third, EU should pay attention to poverty reduction and introduce or raise the minimum pension standard. Fourth, EU should carry out reforms in pension financing.

In terms of long-term care, the out-of-pocket cost of care is very high, especially for the elderly with high demand and low income. There is a labour shortage in the long-term care industry. The projected rise in long-term care demand is set to put pressure on public budgets. Long-term care is the fastest-rising social expenditure in the EU. Our coping strategies should include improving the situation of informal carers, facilitating access to and the affordability and quality of home-based services and of residential care, improving the situation of the professional long-term care workforce, and taking measures to respond to the COVID-19 pandemic.

The EU has formulated the "European Pillar of Social Rights Action Plan," "Green Paper on Aging," and "Joint Reports on Pension Adequacy and on Long-term Care." This year, the EU will also publish "Care Strategy," "Report of the High-Level Group on the Future of Social Protection and the Welfare State in the EU" to respond to relevant issues and challenges.

Mr. Terry Ward, Director of Studies, APPLICA:

In general, the proportion of expenditure on social protection (% GDP) in the EU countries has increased in recent years. The structure of social security expenditure varies from country to country, not only because of the population, but also because each country has different considerations from its own politics and culture.

Social security contributions accounted for 57% of total revenue for social protection expenditure in EU in 2019; taxes accounted for 39%, and the rest (3%) is from other sources. Social security contributions come mainly from employers (accounting for 62%). However, there's a tendency for these to decline in importance over recent years. The proportion of contributions of self-employed workers is relatively small, and the proportion of self-employment in total employment

shows a downward trend. Social security contributions are mainly based on wages and salaries or the income of self-employed workers. Since 2000, there's a shift away from social contributions to taxes. The tax financing of social protection mainly comes from general taxes, and a few countries raise funds through special taxes (such as France, Belgium, Luxembourg, etc.).

In general, the main financing source of social protection in the EU is still social security contributions. Tax financing was developed briefly before 2010, especially during the global economic recession between 2008 and 2010. During that period employer contributions decreased, and wages and salaries were still the main base of social security contributions. Although the European population has been aging, the proportion of social protection expenditure to GDP has not increased significantly.

Dr. Yves Stevens, Law Professor, University of Leuven:

The occupational pension systems of EU Member States are quite different. The relative importance of occupational pension to the income of the elderly varies in different countries, but in general, the importance of occupational pension is not high in most countries.

At present, the occupational pension policy in Europe generally shows the following trends. First, more market mechanisms are introduced in the field of social protection. Second, the impact of international accounting standards is growing. Third, less guarantee is available, with changes from the benefits determined (DB) to contribution determined (DC) and opening up investment options. Fourth, the age of receiving benefits is delayed. The fifth is introduction of the automatic joining system. Sixth, there's a shift from collective financing to individual financing. Seventh, in the environment of low interest rates and high inflation, workers tend to spend in the current period. Eighth, the public's confidence in occupational pensions has decreased.

The key to improve the attractiveness of occupational pension and encourage participation is to develop the economy. In addition, the occupational pension must play a better role in preventing poverty and coordinate with labour policies and fiscal policies, such as including platform workers into the coverage of occupational pension and providing subsidies to specific groups. Finally, the success factors of occupational pension vary according to different national conditions. Therefore, the cultural differences and historical background should be considered for each country, such as people's attitudes towards its benefits, risk preferences, guarantee scheme, national identity, and people's trust.

Question 1: What is the impact of non-traditional employment on the social security system?

Valdis Zagorskis: The existing social protection system still has gaps and deficiencies in protecting non-standard employees and self-employed groups. In recent years, we have been committed to identifying these gaps and deficiencies from different levels, including legal accessibility, effective coverage, transparency and portability. These are problems that need to be solved at present. The EU is actively providing relevant suggestions to Member States. At present, 40% of the labour force in the EU are non-standard employees, whom many EU Member States are implementing relevant reforms to cover.

Terry Ward: The numbers of self-employed workers and platform workers are growing, but these groups are not included in the statistics, and these groups happen to be lacking social security. It can be seen that the EU is not doing well enough in labour market statistics. In the future, EU need to improve statistics and rethink the definitions of non-standard employees and labour relations.

Question 2: What is the impact of COVID-19 on the social security system?

Valdis Zagorskis: The pandemic highlights the long-term challenges faced by long-term care. At present, the financing level of long-term care is still relatively low, which will affect the availability of long-term care. The financial crisis in the past and the current pandemic will have an impact on the pension system. The short-term impact of the pandemic on pension is limited. Pension can effectively cope with the pandemic at present. However, the pandemic will have a long-term impact on the pension system, mainly through affecting the labour market.

Terry Ward: The impact of the pandemic on social security is prominent, which also reflects the importance of long-term care. However, the impact of the pandemic has not been fully reflected through data at present. As long-term care data are scattered in various fields such as pension and medical care, the importance of long-term care may be underestimated. EU should improve the accuracy of the data. The pandemic has also highlighted the weaknesses of the medical and long-term care systems. For example, some countries are reducing medical expenditure without considering the impact of demographic changes and failing to respond well to the pandemic.

Question 3: Why does social security have to have other sources of contributions besides employers and employees?

Terry Ward: The main financing sources of social security include employer's contributions, employee's contributions, other contributions and recipients' contributions. Other contribution sources mainly refer to investment returns, and its proportion in the total contribution does not rise significantly.

Question 4: What is the biggest challenge facing the social security system in terms of sustainability?

Valdis Zagorskis: The biggest challenge is how to balance and ensure the sustainability of financing and the adequacy of benefits under the long-term trend of aging. The EU has been regularly measuring pension expenditure. The latest report shows that in the next 50 years, the overall pension expenditure of the EU will tend to be stable, or even decline. Meanwhile, the proportion of the elderly population will continue to rise. Therefore, constant expenditure will mean lower benefits and lower replacement rate. If the benefits are not reduced, the working life needs to be extended. However, it is obvious that not everyone can extend their working life. For example, laborers, train drivers and some other groups do not have the possibility of extending their working life. Therefore, the pension system must respect the diversity of the labour market. The adequacy of benefit is also reflected in long-term care services. With insufficient supply of long-term care services now, greater challenges in the future can be predicted.

Terry Ward: The aging population will put pressure on the pension, medical and long-term care systems. It must be acknowledged that the proportion of the three expenses in GDP needs to be raised, otherwise the privatization of social security will occur. Some countries have shown trends of privatization. If the expenditure level of social security cannot be maintained, income inequality will extend to social security benefits.

Session 5 - Strengthening Social Security Administration and Services



Moderator: Mr. Dai Xiaochu, Deputy Director, ILO Country Office for China and Mongolia

Mr. Luis Frota, Project Manager, ILO Country Office for China and Mongolia:

The COVID-19 crisis has highlighted the importance of basic social security for the stabilization of incomes, jobs, and the economy. In addition, effective and quality basic social security can enhance the confidence of citizens in public services and policies. The pandemic has driven countries to make disruptive changes in social security policy and administration. It expanded

coverage more rapidly, it focused social security performance management much more on outcomes rather than inputs, with greater concern for those previously left uncovered, ensuring their actual income security, whilst minimizing errors and inefficiencies thus reducing operational costs. The changes in social security management offered the opportunity to create closer relations between the insured and social security by shifting from mass management to personalized interactions through the use of digital technologies. It involved shorter policy-to-implementation cycles through the rapid design of new products and services and their scaling up and by mobilizing resources across government.

The ultimate goal of changes involved more than the simple provision of customer convenience. Business transformation strategies in social security also considered broader social impacts, including in decreasing poverty and inequality, promoting greater inclusion, equity, enhancing solidarity, social justice, legitimacy, transparency, fairness and social stability. They involved joined up efforts to promote higher-quality public goods or services, enhanced respect for human dignity and fundamental rights and involved more accountability through state and social governance systems.

Digitalization was a key capability in the process of business transformation. It is understood as the capability to govern and manage social security within a human centered framework. Digitalization goes beyond digitization of services within a single administrative unit. It allows greater integration of services responses through federated data driven approaches. The latter requires the application of new digital capacities including standardized application program interfaces based on cloud-computing, identity management and related security and access controls, which allow to integrate and share data, implement comprehensive interventions and meet complex needs. However, data integration and digitization also bring greater fiduciary and operational risks, such as the digital divide, misuse, abuse, theft of data, digital innovations not fitting business and organizational cultures, accountability systems not always robust and sometimes high operational risks or cost ineffectiveness of some solutions.

Data and digital assets have emerged as central planks of new models of social security administration. There are enormous opportunities and also unprecedented risks with digitalization, which call for asserting the human centrality of social security service delivery. Finally, digitalization calls for models of decision-making that ensure reasoned human-machine interactions at different stages of the data lifecycle.

Ms. Liu Jiawei, Director, Communication Division, Social Insurance Administration (SIA) of MOHRSS:

The demand for social insurance services has changed from whether it's available to whether it's good or excellent. The insured demand to enjoy the same public social security services in the place of employment, have more diversified participation channels, timely response to their inquiries, and more convenient service processes. This requires social security services to improve its portability, accessibility and publicity.

China has had some practices in refined social security service. First, China formulated a list of public social insurance services, simplify documents and shorten processing time. Second, China launched a "quick social security services" program, providing service packages online as well as nearby services offline. Third, China makes sure its publicity is understandable, extensive, popular, targeted and personalized with an emphasis on user evaluation and feedback.

In the next step, China will continue to improve our capability in refined service, provide more diversified and personalized services, and enable the insured to enjoy equal and convenient services. First, establish a set of service standards and develop more packages of services. Second, make more use of digital applications to upgrade our services. Third, raise service awareness, expand service channels and enrich the service.

Ms. Fei Ping, Associate Researcher, CALSS:

In recent years, China has reformed and innovated its social security administration and services for workers in new forms of employment. At the central level, a social security administration and service system covering both urban and rural areas has been established to promote the development of a national platform of social security services, unified service systems, service procedures and standards, inter-departmental information sharing and cross-regional services. At the local level, China is promoting the unification of information systems, fund, and service processes within the province, transferring services from offline to online, creating a diversified administrative and service system, promoting grassroot-level services to streets, towns and communities (villages). Here is a summary of our experience. 1. Aim at the needs of workers in new forms of employment (NFE) and demonstrate the idea of people-centered service. 2. Take informatized measures as support of innovative social insurance services. 3. Social resources should be mobilized and integrated to form a governance structure led by agencies with participation from various parties such as banks and Internet companies.

According to a survey, workers in new forms of employment demand for non-standard services, which can be described as: 24-hour service, online service, cross-regional service and nearby service. This requires diverse service channels and diverse service networks. At present, there is still room for expanding insurance coverage of workers in new forms of employment, and coverage of commercial insurance is not satisfactory. Among the reasons for not participating in the insurance, lack of knowledge of relevant policies, complicated procedures for participation and contribution payment, no access to benefits due to difficulties in cross-regional transfer and renewal or due to difference in place of participation and place of employment are major reasons. However, insurance coverage varies with different sectors, regions and different groups of workers.

The above situation reflects that it is necessary to implement policies of coverage expansion for non-standard employment groups by category. For platform workers, they should be encouraged to participate in the insurance for enterprise employees by improving institutions and enhancing agencies' service capacity. Non-platform workers should be encouraged to participate in pension insurance or medical insurance for urban and rural residents. Various priorities in services should be identified according to differences among sectors and regions. To be specific, first, break institutional barriers and provide online service, cross-regional service and nearby service. Second, strengthen income regulation and encourage the participation of capable workers in new forms of employment. Third, provide more tailored services for workers in new forms of employments.

The moderator asked what role platform enterprises should play in insurance participation of flexible employees.

Liu Jiawei: Within the current institutional framework, platform enterprises should take more responsibilities and provide more services for workers. Platforms should assume corresponding responsibilities.

Luis Frota: Internationally, there are several ways. First, the law may stipulate that the platform enterprises take on the administrative tasks to insure workers who voluntarily participate in insurance. For example, in France, platform employers must insure their workers in pension, occupational injury and other non-compulsory types of insurance. Second, platform enterprises and platform workers can reach a collective agreement for platform enterprises to provide bundled services. Third, platform workers contact intermediary agents to help them participate in insurance, as in Sweden, Malaysia or Japan and some Asian countries.

Fei Ping: Currently China's platform enterprises are undertaking too few social security responsibilities, so they should bear more. The methods for calculating and paying occupational injury insurance benefits should be further improved. As for the pension insurance, it is necessary to categorize and include stable flexible employees in pension insurance for enterprise employees.

Dai Xiaochu: Corporate responsibilities of platforms is an urgent issue, especially with the rapid development of platform employment in China. China has a good start in its practice of protecting platform workers. Problems can't be fundamentally solved with the traditional idea of labour relations, outside-the-box thinking is needed. Basically, there are two ideas. One is to provide commercial insurance, and the other is to adjust labour laws and regulations.

The moderator asked if platform enterprises purchased commercial insurance for its employees

Liu Jiawei: The platform enterprises have special departments to work on this issue and provide workers with a variety of options of insurance portfolios.

Luis Frola: The cost of commercial insurance is not necessarily lower than that of social insurance. Generally, ways of protection are determined jointly through voluntary consultation. Social insurance should be the first choice, as the cost is lower. Besides, there is no discrimination in social insurance, and payment will not be delayed by background investigation.

Fei Ping: Currently 80% of the NFE workers have not purchased commercial insurance. In my opinion, platform workers have relatively clear risks. When social insurance cannot cover the risks, the government should force platform enterprises to purchase commercial insurance for them.

Dai Xiaochu: The state should encourage platform enterprises to fulfill their social responsibilities through fiscal and tax policies besides appeals. To fundamentally guarantee the security of platform workers, commercial insurance alone is far from enough.

Question 3: What are the ideas in strengthening publicity of social security?

Liu Jiawei: In the past, China had rich and mature experience in traditional offline publicity. With the changes of the times, publicity of social security needs to go online, especially with platform workers, who are usually young and well educated. First, China can carry out statistical analysis of the current situation and problems of online publicity and coordinate online and offline channels

of publicity. Second, China should integrate service resources and make overall plans for quality resources in various regions. Third, publicity should focus on the service processes and the changes in ideas and modes.

Luis Frola: ILO recently held a training session on publicity of human centric social security strategies, which explored international experience of adopting behavioral science in publicity. Publicity is not only about encouragement and marketing, but also the development of publicity strategies based on the needs of specific audiences. It should pay attention to interaction and timing and take the entire society as the target audience.

Fei Ping: There are still some problems in the current publicity of social security. First, little publicity goes down to grassroot levels, resulting in lack of publicity in towns, streets and communities and villages. Second, there's insufficient publicity of service procedures and processes. It is necessary to identify the concerns of the audience and conduct targeted publicity.

Question 4: What are the successes and weaknesses of China's social security system in responding to the COVID-19 pandemic?

Liu Jiawei: The pandemic has accelerated the digital transformation of social security, pinpointed the direction and enhanced our confidence of reform. However, the capacity of social security agencies still needs to be improved.

Luis Frola: We find in China examples of state-of-the-art digital transformation. However, these are isolated initiatives which do not benefit the entire social security administration. It is necessary to allow more people to share the fruits of the digital innovation center, push information around the clock through AI, assess the risks of digitization and eliminate the digital divide.

Fei Ping: The Chinese government's fight against the COVID-19 pandemic reflects the responsibility of a big country. However, there is still imbalance between regions in the country. The next step is to unify standards and norms and enhance systematization and uniformity.

Session 6 - Human Centric Social Security Administration and Services



Moderator: Mr. Dai Xiaochu, Deputy Director, ILO Country Office for China and Mongolia

Ms. Song Jingyan, Director-General, Information Center of MOHRSS:

The process of digital transformation of China's social security consists of three stages: digitization of information from the 1980s to the 1990s, digitization of services from 1999 to 2015, and promotion of digital transformation after 2016. At present, China has realized the informatization of the entire processes of administration, service and supervision.

First, the development of large platforms such as the national coordinated system of pension insurance, the social insurance verification system, the social insurance relations transfer system, the information platform of work injury protection and the individual pension information service platform are being developed. Second, the national social insurance public service platform and the social security card are being promoted. Third, big data monitoring is being performed through risk control systems, the national coordinated system of pension insurance, the fund regulation and monitoring system, verification of benefits eligibility, checking for risks through departmental data sharing, and identifying problems through the service assessment system. Fourth, the security of social security data through laws and regulations, departmental rules and security technologies are being established.

The next step will be devoted to the digital transformation of social security services. The first is to innovate convenient services; the second is to consolidate the user data bases; the third is to make good use of social security data; the fourth is to improve awareness of digitalization; the fifth is to complete the research on digital transformation.

Dr. Morten Meyerhoff, Advisor, Operating Unit on Policy-Driven Electronic Governance of United Nations University (UNU-EGOV):

Internationally, the digital transformation is upon us. A user-centric approach to digital social security is key. The UNU EGOV Centre studied trends and patterns in the digital transformation of social security, focusing on Australia, Canada, Denmark and France, and analyzed them from five dimensions: digital transformation, legal and regulatory ecosystems, service production (backend) and service delivery (frontend) ecosystems, data exchange models and skills and capacities.

The Australian and Denmark approaches have the greatest impact on their social security systems and services because they started the earliest and have the highest degree of specialization, consolidation and coordination. The key is cross-governmental mission, vision and strategic goals supported by action plans and measurable operational KPIs. Steering committees and working groups are essential tools for monitoring, compliance, trouble shooting, escalation, solving cross-sectorial challenges.

The Australian and Denmark approaches seemingly had the greatest impacts to date. The coordinated approach in relation to key enabling standards, policies and regulations is key, focusing on Information and Communications Technology (ICT), Interoperability (IOP), Enterprise Architecture (EA), IDentity Management (IDM), administrative simplification, and digitization-ready legislation.

Australia and Denmark have done a good job in the consolidation and collaboration of front-end ecosystems. Australia and Denmark and now Canada focus on process, service and organizational innovation combined simplification and consolidation together with digitization to increase cost efficiency and productivity.

Countries with successful front-end ecosystems usually have stronger channel strategy, active opt-out approach, mandated closure of paper and even physical channels, user friendliness and more uniform user-experience.

Australia, Canada, France and especially Denmark show that an innovation culture can be facilitated through strategic pilot-projects and partnerships. Building interdisciplinary teams, continuous capacity and skills development, improving change management and innovation capacities, shared innovation facilities or team are essential.

The moderator asked how quality of data can be ensured.

Song Jingyan: Quality control is realized through digital processing and multi-department system processing beforehand. Then quality control is achieved by setting rules on service and risk control. Afterwards, risk screening and data cleaning will be carried out throughout the database, and problematic data will be corrected by verification at the grassroots level or confirmation by the persons in question. During the uploading process, data quality is ensured through multiple rounds of verification and screening by governments at different levels.

Morten Meyerhoff: By formulating data entry standards and following the one-time principle, comparative investigation and investigation on suspicious data are carried out to reduce the rate of error, enhance data availability and reduce the data entry volume.

The moderator then asked what to do in case an individual does not agree to data entry because he is worried about data disclosure.

Song Jingyan: China has constantly strengthened data security through improving laws and regulations. Based on the compulsory nature of social security, the government has the duty to assist individuals to participate in insurance by collecting data. Therefore, individuals generally have no objection. If there is any error, MOHRSS will verify the information with the person in question. In addition, through improving the transparency of information and guaranteeing the right to be informed of individuals, errors are corrected in a timely manner. When sharing data

cross departments, MOHRSS requires the counterpart department to have certain rights and responsibilities to allow them to obtain social security data. This is to guarantee the security of personal information.

Morten Meyerhoff: Europe ensures data protection, privacy and security through the introduction of general data protection regulations and relevant legislation to provide channels of complaint and clear procedures for individuals, as well as involvement of third parties. Only in this way can people's willingness to provide information be enhanced.

The moderator asked if the problem of information islands could be attributed to infrastructure construction or management.

Song Jingyan: Information islands are related to both these two aspects. When the social security system was established, the pooling level was low. Later, the development of the information systems made it possible to break through the management levels, helping to solve the problem of information islands. The problem of horizontal and vertical information islands has been solved by building integrated platforms for multiple insurances and the national platform. The next step is to build inter-departmental information platforms to promote inter-departmental information sharing.

Session 7 - European and International Perspectives on Social Security Institutions and Digital Transformation



Moderator: Mr. Zhai Yanli, Director-General, Social Insurance Administration of MOHRSS

Prof. Dr. Ulrich Becker, Managing Director, Max Planck Institute for Social Law and Social Policy:

Social security management requires well-organized administration institutions, service agencies and professional teams. Although there are differences between countries, some universal principles can still be put forward.

Since the establishment of the German social insurance system, trade unions and employers' associations have been the core participants of management, and the government is responsible for making institutional arrangements for social insurance. The government implements management through different public institutions, and the society participates in social insurance funds through trade unions and employers' associations.

Local governments and communities also play an important role in the management of social insurance and social services. This requires local governments and communities to have corresponding capabilities and personnel to identify the specific needs of specific groups. This bottom-up management is also crucial to service delivery of social insurance.

It is important to establish a legal relation among the authority, benefit providers and beneficiaries. This kind of relationship goes beyond the simple employment relationship or contract relations and is a specific legal relation. Between the authority and the beneficiary is social benefits relation; between the benefit provider and the authority is provisioning relation; between the beneficiary and the benefit provider is fulfillment relation.

When social security is provided and managed by different subjects, it is necessary to ensure that there is a coordination mechanism. When the occupational status changes, it is necessary to ensure the coordination between different occupational statuses, and the social security relations can be transferred between different systems. In case of cross-territorial migration, coordination between different territories should be ensured, and social security rights and interests can be transferred.

Mr. José Fernández Albertos, Director General Social Security, Spain:

The social security systems are facing three major challenges: demographic forces, new heterogeneous labour realities and how to extend protection to all. First, demographic forces are complex, and targeted countermeasures are needed to solve these problems, such as increasing the effective retirement age to address the secular increase in life expectancy. Another example is to increase resources to buffer the impact of the transitory challenge. Second, it should be recognized the heterogeneity of careers so as to design policies suitable for all and strengthen the overall sustainability of the system. Finally, expanding the scope of protection and addressing the gap in social protection will not only help to achieve equity but also make social security protection more effective in responding to economic challenges. For example, in response to the pandemic, protecting labour relations through policies that reached all workers has been proven effective in containing the costs of the crisis and accelerating the recovery of the labour market.

In the future, increasing policy flexibility of the social security system should not hinder consensus-building. The consensus should include: 1. policies should be designed for the long-term; 2. incorporating everyone's concerns makes policies more resilient to shocks; 3. citizens need guarantees and policy is stable, and predictable. When all stakeholders are involved and support the guiding principles of the system, room for policy experimentation expands.

Dr. Raul Ruggia-Frick, Director, Social Security Development Branch, International Social Security Association (ISSA):

Customer-centric social security involves elements such as personalized interfaces facilitating user interaction, automation, integrated multiple functions, and intelligent tools. In recent years, countries have made some new progress through innovation.

In the integrated environments with intelligent tools, secured social-security systems based on digital identity enable multiple functions such as managing personal data, managing contribution payments and benefit claims. Intelligent chatbots can simulate human behavior and carry out tasks such as responding to users' inquiries on specific topics in an autonomous way. These technologies enable social security services to be available 7/24 and adaptable to users' preferences. Since the above tools are implemented with artificial intelligence, the quantity and quality of data are crucial.

In areas of automation, front-end functionalities, such as chatbots, assistants, voice recognition, and back-end processes, such as eligibility controls, benefits adjudication, payment, are largely based on intelligent processes based on AI and automated processes based on Robotic Process Automation (RPA). Therefore, ensuring the correctness of the automated processing and adequacy of the outcome for the customers, clarifying the accountability of outputs and ensuring the quality of data are the major challenges.

In the process of customer-based design and development, customers have to be involved in solution design and development, adopt design thinking approaches and create focus groups. However, due to involvement of diverse and non-professional participants and shortage of technical staff, customer-based design and development is not so easy to achieve.

In general, worldwide development is underway in digital solutions for customer-centric social security. There are innovations on increasingly integrated, intelligent and automated customer-centric systems. Institutions must strengthen their digital and innovation capacity.

The moderator asked how social security could ensure deep and effective participation of customers in customer-centric digital solutions.

Raul Ruggia-Frick: User participation is a major problem for social security. First, the user group is very diverse. Traditionally, users do not participate in the design of social security systems, but with the improvement of technologies, they have gradually increased their participation in recent years. The second problem is how to select representative samples for a targeted design. Currently, user needs are generally identified through focus groups and two-way communication systems.

The moderator asked what the prospect of integration of social security policies in the process of European integration was.

Ulrich Becker: The coordination of social security policies at national and regional level is a common problem between China and Europe. Coordination requires the formulation of frameworks, rules and overall plans, as well as trust between the people and the government and between different governments. Digitization can also help promote communication and reduce the difficulty of coordination.

José Fernández Albertos: Trust is very important for coordination. However, in reality, the increasing mobility and individual differences, the fragmentation, localization, and differentiation of the social security system, and the randomness of NFE development and career have brought new challenges and new ideas. The fragmentation of the social security system has caused poor mobility among different occupations. It is necessary to strengthen the coordination between the systems according to the changes in the labour market through a mix of concentration, decentralization and diversification.

Raul Ruggia-Frick: There are some new trends in the labour market, such as new forms of employment, cross-border work, self-employed workers, and the increase of women's participation. Historically, the social security system has played an active role. However, the labour market, society and population demographics have changed. Every country should be prepared for these changes. In the process of change, social dialogue is very important. Dialogue and communication can help different stakeholders find common solutions.

Closing Ceremony



Ms. Qian Xiaoyan, Deputy Director-General, International Cooperation Department of MOHRSS:

Looking back on the conference in the past two days, experts and scholars in the field of social security from China, the EU and the ILO conducted extensive and in-depth discussions on topics such as the future of work, income and social security, social security adapted to an aging society, sustainable social security financing, strengthening social security management and services, and human centric digital transformation of services. They shared the latest research findings, novel ideas and rich achievements.

The COVID-19 pandemic has continued to this day, causing unprecedented impact on the world economic development and the global labour market. The unemployment risk has increased, and the income of workers has decreased. It has also brought severe challenges to the social security systems of countries around the world. China has established the largest social security system in the world. However, with the changes and major social contradictions and the accelerated development of urbanization, population aging and diversification of employment forms, China's social security system still has shortcomings.

Against the background of great changes that have not occurred in a century, the reform and development of the social security system is a common issue faced by China, Europe and other countries in the world. It needs the collective wisdom of all countries and international organizations, including China and the EU, to work together to cope with it. In this regard, China, EU and ILO should work together to promote common development, respond to challenges and seize opportunities, build consensus and deepen cooperation.

Dr. Changhee Lee, Director, ILO Country Office for China and Mongolia:

During the pandemic, this international conference was successfully held in an innovative way. Experts from China, Europe and the world shared their experience and insights. The conference covered the understanding of national policies, analysis of policy effects, how to adapt to long-term challenges and trends, the evolution of China's social security system, the experience of European social security reform, etc. Knowledge and experience from different countries were disseminated, and more importantly, the understanding and support of all parties were deepened. ILO appreciates the MOHRSS and the European Union for their support and collaboration for this conference and for the project.