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# Social protection assessment-based national dialogue exercises: Cambodia, Indonesia, Thailand, Viet Nam

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**Abstract** Between 2011 and 2013, the International Labour Organization, in collaboration with governments and several United Nations agencies working as part of the Social Protection Floor Initiative, conducted social protection assessment-based national dialogue (ABND) exercises in Cambodia, Indonesia, Thailand and Viet Nam. The exercises were carried out in order to take stock of existing social protection realities in the respective countries, including social insurance, social assistance and anti-poverty programmes. These inventories present a comprehensive picture of what elements of national social protection floors (SPFs) are in place, where “holes” in national floors exist, and provide a framework within which to propose recommendations for the further design and implementation of social protection provisions that guarantee at least the SPF to the entire population. This article describes the methodology for conducting ABND exercises, the situational analysis of the SPF in four countries, and the policy recommendations that were formulated for achieving basic health care and income security for children, the working-age

**95**

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population and the elderly. The results of preliminary calculations of the cost of implementing proposed policy options are also outlined.

**Keywords** social protection, social security, Cambodia, Indonesia, Thailand, Viet Nam, South East Asia

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## Introduction

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Between 2011 and 2013, the International Labour Organization (ILO), in collaboration with governments and several United Nations (UN) agencies working as part of the Social Protection Floor Initiative, conducted several social protection assessment-based national dialogue (ABND) exercises<sup>1</sup> in East and South-East Asia.<sup>2</sup> The exercises took stock of existing social protection realities in order to understand what elements of national social protection floors (SPFs) were in place, where “holes” in national floors exist, and to propose recommendations for the further design and implementation of social protection provisions that would guarantee at least the SPF to the entire population.

This article describes the methodology for conducting ABND exercises. The methodology was developed by the ILO in the Asia and the Pacific region and tested in Cambodia, Indonesia, Thailand and Viet Nam. The article includes an overview of the four completed ABND exercises and the resulting recommendations for achieving basic health care and income security for children, the working-age population and the elderly, to provide a situational analysis of the SPF in each country. The results of preliminary calculations of the cost of implementing proposed policy options are also outlined.

While socio-political and economic contexts vary between and within Cambodia, Indonesia, Thailand and Viet Nam, ILO experts observed key parallels in the challenges to – and opportunities for – securing basic health care and income security for children, the working-age population and the elderly. These findings have relevance not only for social protection and development agendas globally, but also illustrate how the SPF framework is a useful tool for policy-making, programme planning, analysis of poverty, and as an approach that incorporates the needs of vulnerable groups.

1. The ABND exercises were supported by the ILO-Korea partnership programme, Government of the Netherlands, Government of Finland, UN Office for South-South Cooperation, Grand Duchy of Luxembourg, and ILO-European Union project.

2. For Cambodia, see Hennicot and Scholz (2012) and Hennicot (2012); for Indonesia, see Satriana and Schmitt (2012); for Thailand, see Schmitt, Sakunphanit and Prasitsiriphol (2013); and for Viet Nam, see Bonnet et al. (2012).

## What is the SPF and what is its relevance to poverty?

### *What are social protection floors?*

Social protection floors are nationally-defined sets of basic social security guarantees that aim to prevent or alleviate poverty, vulnerability and social exclusion (see ILO, 2013a). By calling for both demand (transfers) and supply side (services) measures, the SPF adopts a holistic approach to social protection. SPFs, as defined in the ILO's Recommendation concerning national floors of social protection, 2012 (No. 202) (ILO, 2012a), encompass social *protection* and social security, both as rights and policy choices, establishing that rather than delineating two distinct notions they are "actually part of the same social policy concept" (Hagemejer and McKinnon, 2013, p. 9).

Countries are encouraged to prioritize the implementation of SPFs as a fundamental element of their national social security systems and as a starting point for the provision of higher levels of protection to as many people as possible, as soon as possible, in line with economic and fiscal capacity.

SPFs should comprise, as a minimum, the following nationally-defined sets of goods and services or basic social security guarantees:

- a) access to **essential health care**, including maternity care, at a nationally defined minimum level that meets the criteria of availability, accessibility, acceptability, and quality;
- b) **basic income security for children** at a nationally defined minimum level, including access to nutrition, education, care, and any other necessary goods and services;
- c) **basic income security at a nationally defined minimum level for persons of active age** who are unable to earn sufficient income, in particular in the case of sickness, unemployment, maternity, and disability; and
- d) **basic income security at a nationally defined minimum level for older persons.**

Defining the components of SPFs as "guarantees" establishes a degree of flexibility that makes the achievement of the floor compatible with all possible national social protection systems. The four guarantees set minimum performance or outcome standards with respect to access to, scope, and level of income security and health care, rather than prescribing a specific architecture of social protection systems, programmes, and benefits.

While not all countries will be able to put all components in place for their entire populations immediately, the SPF provides a framework for planning the progressive implementation of holistic social protection systems that emphasize linkages and symbiotic relationships between the different SPF guarantees.

*Social protection floors and the international context*

The ILO has developed, over a number of decades, a comprehensive set of internationally-accepted standards in relation to the establishment, development and maintenance of national social security systems.<sup>3</sup> These standards, however, have not proved suitable in all country contexts, especially where a large proportion of the workforce is engaged in the informal or rural economy. The international community has come to recognize that there is a need for new standards and approaches that could guide countries on how to close coverage gaps, and this has paved the way for increased utilization of the SPF approach at the international level.<sup>4</sup>

Perhaps most relevantly, the International Labour Conference adopted the Recommendation concerning national floors of social protection 2012 (No. 202) at its 101st session in 2012. Recommendation No. 202 reaffirms the role of social security as a human right and as a social and economic necessity, and provides guidance to countries in building SPFs within progressively comprehensive social security systems.<sup>5</sup>

*Social protection floors in the Asia and the Pacific region*

While the Asia and the Pacific region has made considerable economic progress in the last two decades and has lifted millions out of poverty,<sup>6</sup> not all have benefitted from these gains. Millions of people are still poor, deprived of basic rights, and vulnerable to increased risks stemming from global economic crises and climate change (World Bank, 2013). The threat that human development gains made in the past decade may fail to “stick” and begin to reverse has helped to place social protection high on the policy agenda in the region.

At their 67th session in May 2011, member States of the UN Economic and Social Commission for Asia and the Pacific passed a Resolution on strengthening social protection systems in Asia and the Pacific (UN ESCAP, 2011). At the ILO’s 15th Asia and the Pacific Regional Meeting held in December 2011 in Kyoto, Japan,

3. Notably the Social Security (Minimum Standards) Convention, 1952 (No. 102).

4. See for example Cichon (2013), Kulke and Saint-Pierre Guibault (2013), ILO (2011), Ghosh (2011), and ISSA (2011).

5. See ILO (2012a). The ILC also adopted a Resolution concerning efforts to make national floors of social protection a reality worldwide, which invites governments, employers and workers to jointly give full attention to implementing Recommendation No. 202 as soon as national circumstances permit. See ILC (2012).

6. On 29 February, 2012, the World Bank announced that the developing world had met the first Millennium Development Goal – namely, to reduce extreme poverty (as measured by the population living under USD 1.25 a day) by half. Poverty-reduction efforts in East and South East Asia, led by the People’s Republic of China and Indonesia, played a key role in this achievement. See World Bank (2012).

governments, employers, and workers from the Asia and the Pacific Region determined that “building effective social protection floors, in line with national circumstances” was one of the key national policy priorities for the Asia and the Pacific Decent Work Decade (ILO, 2011). The recent adoption of the Declaration on strengthening social protection by the Association of Southeast Asian Nations confirms the growing regional importance of social protection (ASEAN, 2013).

### **The assessment-based national dialogue: ABND methodology and results**

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A multidimensional conceptualization of social security is necessary to establish a clear view of where gaps in coverage lie. Hagemeyer and McKinnon note how “On the basis of the more precise identification of coverage gaps, policy planning to remedy such gaps can be facilitated, policy implementation improved and policy outcomes made more effective” (Hagemeyer and McKinnon, 2013, p. 5). In recognition of this, the ILO collaborated with governments, social partners, civil society, academics and several UN agencies in East and South-East Asia in 2011–2013 to conduct social protection assessment-based national dialogue exercises in Cambodia, Indonesia, Thailand and Viet Nam.

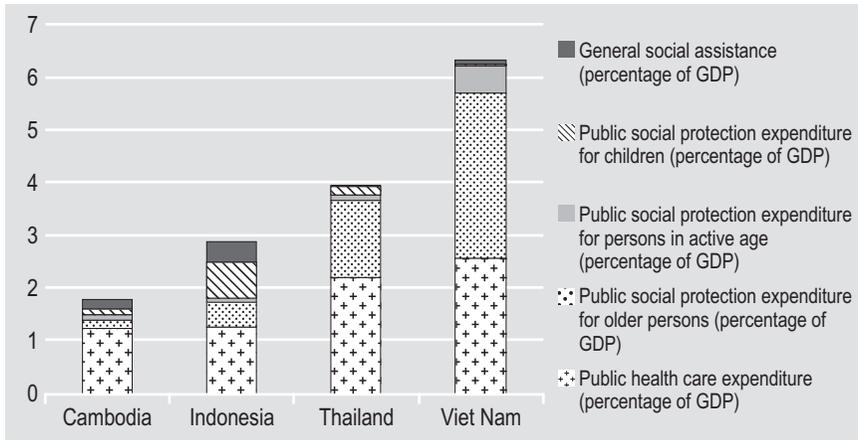
The studies utilized similar methodology, with the common objective of assessing whether the SPF is a reality in the respective countries. Policy gaps and implementation issues were identified and recommendations were made for the further design and implementation of social protection provisions that would guarantee a SPF for the entire population. The studies also sought to estimate the projected financial commitment needed in each country to implement proposed policies for closing “holes” in the SPF. As part of the social protection assessments, in each country the ILO Rapid Assessment Protocol (RAP) costing tool<sup>7</sup> was used to estimate the cost and affordability of implementing social protection recommendations.

#### *Social protection realities in Cambodia, Indonesia, Thailand, and Viet Nam*

The social protection situation in each of the four countries assessed is of course unique to their respective socio-economic contexts. However, some revelatory

7. The RAP uses a simple methodology that builds on single age population projections and single age estimates of labour force participation rates, along with a relatively crude economic scenario determined by assumptions about overall GDP growth, productivity, inflation, wages, interest and poverty rates. The model uses these variables as drivers of expenditure and revenues starting from initial statistical values given for the last observation years.

**Figure 1.** Public social protection expenditure by SPF guarantee, latest available year (percentage of GDP)



Source: ILO Social Protection Department database (updated in April 2013).

similarities and differences between countries were identified when considered within the framework of the four guarantees of the SPF.

The governments of Cambodia, Indonesia, Thailand and Viet Nam all allocate a large share of their social protection expenditure for health care, for example – between 40 and 70 per cent of total public social protection expenditure (Figure 1).<sup>8</sup> Thailand and Viet Nam – which both have old-age pension schemes for formal-sector workers – spend between 37 and 49 per cent of total social protection public expenditure on income security for older persons, whereas public spending on income security for the elderly is much lower in Indonesia and close to zero in Cambodia. Indonesia is already investing a significant share of its public social protection expenditure in children (23 per cent), yet this SPF guarantee is underdeveloped in other countries. Social protection for the working-age population is relatively underdeveloped in all countries.

### *The ABND methodology*

The ABND approach assists countries to identify and address “holes” in their social security system in order to move towards the achievement of a nationally-defined SPF. Following the adoption of Recommendation No. 202, it remains for individual countries to carry out national consultations grounded in social dialogue and social participation, to use these avenues to create policy space and new social

8. ILO Social Protection Department database (update in April 2013).

**Figure 2.** *The assessment matrix*

	SPF objectives	Existing SP provisions	Planned SP provisions (strategy)	Policy gaps	Implementation issues	Recommendations
Health	Four SPF guarantees	Identifying existing situation in the country		Identifying policy gaps and implementation issues, addressing which would complete the SPF		Priority policy options, to be decided through national dialogue
Children						
Working age						
Elderly						

Source: Schmitt and De (2013).

security policies, and to thus create the political will required to free fiscal space (Hagemeyer, and McKinnon, 2013).<sup>9</sup> Cognizant of this requirement, the ABND methodology employs a participatory approach to identifying priority policy options for the successful and coordinated development of nationally-defined SPFs. All relevant stakeholders including line ministries, local government bodies, workers’ and employers’ organizations, civil society organizations, academia, and development partners, are involved from the onset.

ABND exercises involve three main steps: (1) building an assessment matrix, (2) the rapid assessment protocol, and (3) finalization and endorsement of an ABND report.

### *Step 1: Building the assessment matrix*

The assessment matrix lists and describes existing social security schemes for each of the four SPF guarantees, identifies policy gaps and implementation issues, and provides policy recommendations for the further design and implementation of social protection provisions, with the aim of guaranteeing (at a minimum) the SPF to the entire population (Figure 2).

The completed assessment matrix answers the following questions:

- What is the social security situation in the country for each of the four SPF guarantees (access to health care and income security for children, income security for the working-age population, and income security for the elderly)?

9. For the purposes of this article, “fiscal space” uses Heller’s (2005) definition: “the availability of budgetary room that allows a government to provide resources for a desired purpose without any prejudice to the sustainability of a government’s financial position”. In cases where budgetary capacity is not sufficient, the government may create additional fiscal space by raising corporate income tax, value added tax or personal income tax, borrowing from international institutions or markets, or cutting down on low priority expenses. However, borrowing beyond a certain extent has to be carefully considered, as it may compromise macroeconomic sustainability in the long term.

**Table 1.** *Main recommendations to complete the SPF for health care*

Recommendations	Cambodia	Indonesia	Thailand	Vietnam
Extend existing social health protection schemes to greater segments of the population or introduce universal health insurance	✓	✓		✓
Increase levels of benefits of existing schemes	✓	✓		✓
Improve supply-side measures	✓	✓	✓	✓

- For each guarantee, what are the different schemes? What are the planned schemes?
- For each scheme, what segments/percentages of the population are covered? What are the types of transfers (cash, in-kind, access to services)? What are the levels of benefits?
- Do legislative provisions (or a lack thereof) exclude some segments of the population from social protection and/or social security schemes (are there policy gaps)?
- Are some parts of the population excluded in practice (implementation issues related to inclusion/exclusion errors, budgetary constraints or mismanagement)?
- What can be recommended to close policy gaps and solve implementation issues?

To build on the results of the assessment matrix, workshops involving all relevant stakeholders are organized, in addition to bilateral consultations.

**Assessment matrices in Cambodia, Indonesia, Thailand, and Viet Nam.**<sup>10</sup> Assessments of the social protection situations in each country were carried out using the ABND matrix format, listing and describing existing provisions and policy and implementation gaps, and using them to formulate recommendations against each of the four SPF guarantees.

- *Health* (Table 1). The ABND exercise in Cambodia found that high out-of-pocket health expenditures were the cause of impoverishment, indebtedness and the forced sale of livelihood assets for the poor and near-poor. Cambodia's National Social Protection Strategy for the Poor and Vulnerable promotes the extension of health protection for the poor and vulnerable through the expansion of health equity funds and community-based health insurance schemes. In line with this objective, the central policy option proposed for extending social health protection was the extension of health equity funds to all very poor and poor persons.

10. This section summarizes some of the key findings from the ABND exercises carried out in the four countries. For the full assessment matrices and findings, please see the full ABND reports as referenced in footnote 2.

Indonesia committed to achieving universal health insurance coverage under the 2004 National Social Security System Law and 2011 Social Security Providers Law.<sup>11</sup> The ABND exercise highlighted that until this system is rolled out, around 41 per cent of the population remain uncovered by health insurance. Accordingly, the recommendations put forward relate to the form and level of benefits under the new system (e.g. inclusion of some treatments for diseases currently excluded from existing schemes, such as preventive and curative treatments for HIV), and the extension of benefits to progressively larger segments of the population.

Viet Nam's 2008 Law on Health Insurance came into effect on 1 July 2009, with the aim of achieving universal health insurance by 2014. The ABND exercise did not identify any policy gaps in the Government's *strategy* for achieving universal coverage; however it questioned the *feasibility* of extending health care coverage to the 40 per cent of the population presently not covered – which mainly comprises informal-economy workers – through voluntary insurance. Proposals to address implementation gaps included investments on the supply side in terms of staffing, equipment and consumables, and increased subsidies for a large proportion of the uncovered population.

While Thailand is the only country of the four to have achieved universal health coverage, the ABND exercise nevertheless identified challenges such as an unequal distribution of health care facilities between rural and urban areas, quality of care issues in rural areas, and lack of coverage for undocumented migrant workers. Furthermore, the laws and institutions governing the health insurance system are fragmented, with some legislative conflicts. While no recommendations were made for additional social protection provisions in relation to health, the Thai ABND report did propose structural reforms and improved operations to establish a unified and financially sustainable health insurance system.

- *Children.* While the range of existing social protection programmes targeting children varied across the four countries, the ABND exercises identified similar policy and implementation gaps, such as limited programme coverage, supply-side issues such as quality of education, and problems with data management and beneficiary targeting. In all countries, the introduction of (or expansion of existing) cash transfer programmes were proposed as a means of achieving income security for children, reducing school dropout rates and fighting against child labour (Table 2).

- *Working-age population* (Table 3). Provisions for the working-age population tabled and described during the ABND exercises in Cambodia, Indonesia, Thailand, and Viet Nam span a variety of schemes and programmes ranging from

11. The extension of health insurance to all commenced in January 2014 and is scheduled for completion by 2019.

**Table 2.** *Main recommendations to complete the SPF for children*

Recommendations	Cambodia	Indonesia	Thailand	Vietnam
Extend existing or introduce new targeted child benefit packages, or introduce a universal child benefit	✓	✓	✓	✓
Improve data management and beneficiary targeting	✓	✓		✓
Improve availability and quality of education and of childcare facilities	✓	✓	✓	✓

**Table 3.** *Main recommendations to complete the SPF for the working-age group*

Recommendations to introduce or further develop:	Cambodia	Indonesia	Thailand	Vietnam
Unemployment protection (e.g. public works programmes)	✓	✓	✓	✓
Disability allowances	✓	✓	✓	✓
Maternity cash benefits	✓		✓	
Sickness benefits			✓	

social security funds for veterans,<sup>12</sup> public-sector workers and private-sector employees, to public works,<sup>13</sup> vocational training and employment creation programmes. Key parallels in policy and implementation gaps among the country case studies and between different schemes were observed. Social assistance and welfare programmes, for example, were found to often receive insufficient budget allocation and suffer from limited effectiveness and ad-hoc distribution. Challenges to the extension of social security to larger segments of the population, particularly to informal-sector workers, were also noted in all countries.

Recommendations for achieving income security for the working-age population in each country primarily related to the extension of existing, or introduction of new, social security benefits, and improving linkages between employment creation programmes and social security schemes. In Indonesia, Cambodia and Viet Nam the establishment of public works guarantees linked with vocational training were proposed, while in Thailand a combined benefit package comprising income

12. The definition of “veterans” varies among the four countries. In Cambodia, for example, veterans are persons certified as war veterans, and former civil servants and laymen who enrolled as soldiers during the war.

13. There is no single accepted definition of what constitutes a public works programme. For the purposes of this article and the ILO’s approach, the following definition is appropriate: “Public works programmes (PWP) refer to the more common and traditional [public employment] programmes; although these may be a temporary response to specific shocks and crises, public works programmes can also have a longer-term horizon. Cash and food for work programmes are included in this term”. (Lieuw-Kie-Song and Philip, 2010, p. 3).

support measures and mechanisms to increase employability and/or access to markets were suggested.

Each of the ABND exercises also identified shortcomings in social protection coverage for disabled people under existing schemes targeting the working-age population. To address these deficiencies, additional measures were proposed. In Thailand for example, an increase of the Universal Non-Contributory Allowance for People with Disabilities was recommended; likewise in Indonesia, where the extension of the existing non-contributory pension scheme to all people with severe disabilities was suggested. In Cambodia and Viet Nam, where disability is a major issue (affecting 1.4 per cent and 3.7 per cent of the respective populations), recommendations included a means-tested pension for the disabled in Cambodia, and the inclusion of social assistance for those unable to work in Viet Nam's proposed employment guarantee scheme.

The ABND recommendations in Cambodia and Thailand also included the introduction of maternity benefits in the form of cash transfers to poor women who are pregnant (in Cambodia) and to women working in the informal economy who have just given birth (in Thailand). The ABND exercise in Thailand additionally recommends the introduction of a sickness benefit to compensate for loss of income for hospitalized Thai informal-economy workers.

- *Elderly.* A finding common to all ABND matrix results was that an insufficient proportion of the elderly population was covered by old-age benefits. Where they do exist, benefits are largely limited to private-sector and public-service employees and are insufficient to ensure income security. In Viet Nam for example, a compulsory pension insurance scheme covers approximately 18 per cent of the workforce; other targeted social assistance programmes provide benefits for elderly persons aged 80 years or older, and poor elderly aged 60 years or older, who have no relatives to rely on. The majority of informal-sector workers have no protection in old age. Those elderly who are entitled to social pensions receive benefits that are below both the rural and urban poverty lines.

Recommendations stemming from the four ABND exercises accordingly focused on increasing benefit levels of, and access to, old-age pensions. Additionally the establishment of a long-term care system was recommended in Thailand (Table 4).

### *From Step 1 to Step 2*

The recommendations stemming from the ABND exercises fall into one of two categories. The first type of recommendations relates to the expansion of the SPF, and proposes to:

- cover more people;
- increase levels of benefits of existing non-contributory schemes;

**Table 4.** *Main recommendations to complete the SPF for the elderly*

Recommendations	Cambodia	Indonesia	Thailand	Vietnam
Extend existing pension schemes to greater segments of the population or introduce a universal social pension	✓	✓		✓
Increase benefit levels of existing old age allowance, or index benefits on inflation or poverty line		✓	✓	✓
Introduce a long-term care system			✓	

- introduce new non-contributory benefits or programmes.

The cost of implementing such recommendations can be assessed using the ILO RAP model.

The second category of recommendations may propose:

- new or expanded mandatory or voluntary social insurance (e.g. “establish an unemployment insurance system”);
- initiatives related to the operation of and coordination between schemes (e.g. “improve targeting mechanisms”);
- qualitative measures (e.g. “improve the education system”).

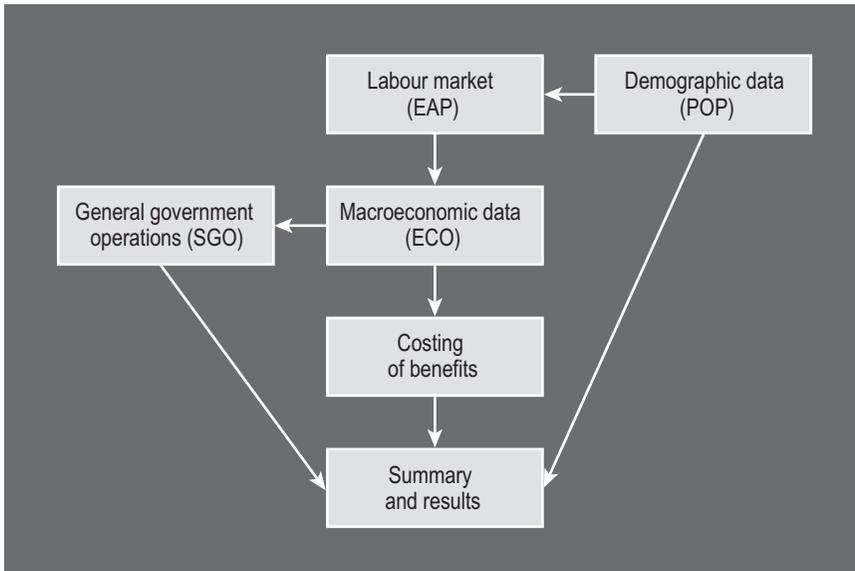
For the second kind of recommendations, the cost of implementation requires in-depth studies that are beyond the scope of an ABND exercise. The ILO rapid assessment protocol (RAP) model is, however, suitable for assessing the cost of introducing the first type of recommendations. To facilitate the cost calculation process, broad policy recommendations were translated into specific policy options or scenarios.

### *Step 2: Rapid assessment protocol (RAP) model*

Fulfilment of the four guarantees or rights that comprise the SPF require foundational social protection programmes that are long-term, fundamentally non-contributory and funded through public resources or the government budget. Financing must be predictable and secure over the long term (Harris, 2013). In recognition of the need to consider both how initial efforts will be financed and how to sustain these efforts over time, ABNDs include a costing exercise that determines the available and necessary fiscal space for introducing SPFs. After transforming broad policy recommendations into specific policy options or scenarios, the costs of proposed social protection provisions were estimated and forecast over a ten-year period using the ILO RAP model (Figure 3). This costing exercise aims to provide an evidentiary basis for discussions on available fiscal space and government budget re-allocations, in turn helping with the prioritization of possible social protection policy options.

The ILO RAP model is an Excel tool including three types of sheets:

**Figure 3.** *The ILO RAP model structure*



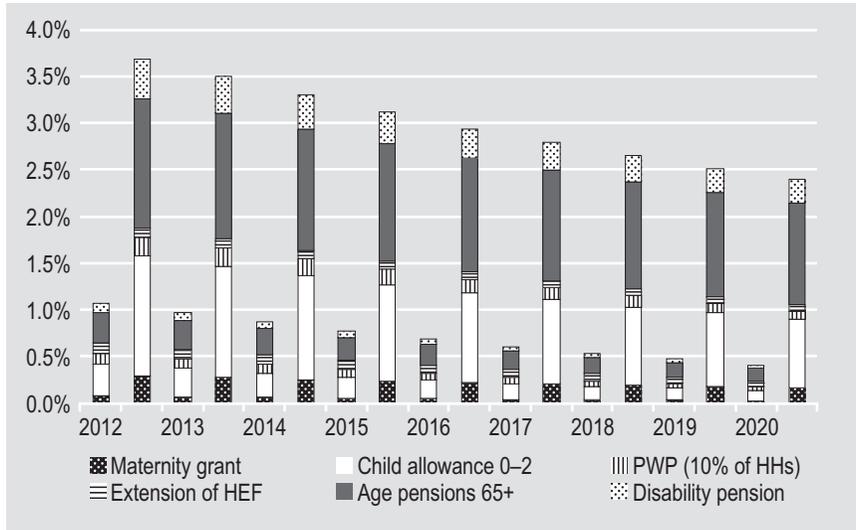
- **Type 1.** A variety of data is entered under the themes: general government operations, labour market, demographic and macroeconomic data.<sup>14</sup>
- **Type 2.** Each policy option proposed based on the ABND matrix results is described in detail, with a choice of parameters. Data from the **Type 1** sheets is used to calculate the cost of introducing the policy options.
- **Type 3.** In these sheets the final results of the RAP model are presented. In each of the four countries, a number of combined SPF benefit packages were proposed, including a choice between “low” and “high” cost packages, thus providing governments with a range of options. The results of the cost calculations and projections were expressed in national currency, as a percentage of GDP and as a percentage of government expenditure.

*Applying the RAP tool in Cambodia, Indonesia,  
Thailand, and Viet Nam*

For each of the ABND recommendations that were translated into policy options/scenarios in each respective country, the RAP tool was used to calculate the cost of

14. A range of data was entered, including population data per single age and sex, together with population projections; male and female labour participation rates per age group; data on the economically active population; various economic indicators such as inflation rate, minimum wage, poverty line and GDP growth (used to calculate the cost of social protection provisions and to express the cost as a percentage of GDP); and information on the government budget (used to express the cost estimates of proposed policy options as a percentage of government expenditure).

**Figure 4.** Cambodia: Cost estimate of low and high combined benefit packages (percentage of GDP)



Source: Hennicot (2012).

implementing the proposals as stand-alone initiatives, as well as part of consolidated packages to close the SPF. The country reports offer a full description of the policy options and scenarios proposed (see footnote 2).

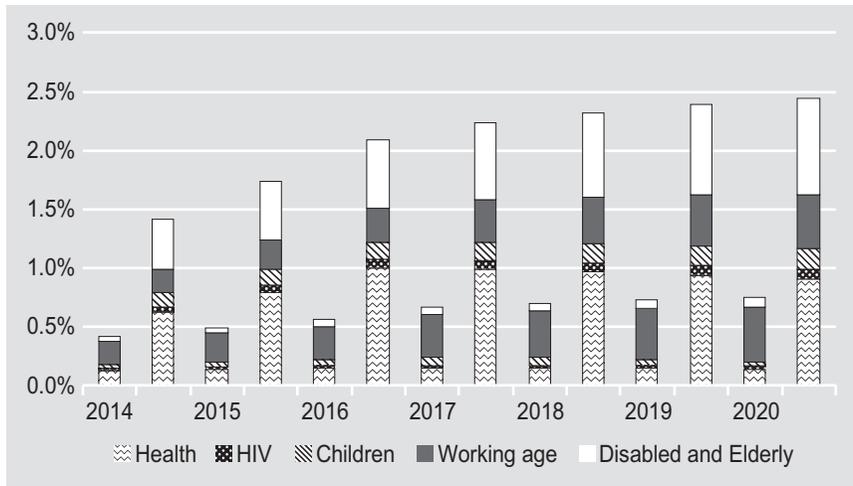
**Cambodia.** In Cambodia, individual policy proposals were calculated, on the basis of which a low and a high combined benefit package were proposed (Figure 4).<sup>15</sup> Based on these two combinations, the cost of a complete SPF package for Cambodia was projected at between 0.4 per cent and 2.4 per cent of GDP by 2020. While performing the cost estimation exercise in Cambodia, the main assumptions included a high GDP growth rate and a rapid decline in the poverty headcount. Figure 4 shows that the cost of implementing the scenarios decreases over time.

**Indonesia.** For the Indonesian costing exercise, a low and a high scenario of combined benefits was proposed (Figure 5).<sup>16</sup> Based on these two combinations, the cost of completing the SPF in Indonesia was calculated to be between 0.74 per cent and 2.45 per cent of GDP by 2020.

15. For the full list of policy options costed and details of calculations/combined benefit scenarios, see Hennicot (2012, pp. 13–27).

16. For the full list of policy options costed and details of calculations/combined benefit scenarios, see Satriana and Schmitt (2012, pp. 59–73).

**Figure 5. Indonesia: Cost estimate of low and high combined benefit packages (percentage of GDP)**



Source: Satriana and Schmitt (2012).

**Thailand.** As in the Indonesian and Cambodian ABND costing exercises, both a high and a low scenario for combined proposed schemes were considered in Thailand (Figure 6).<sup>17</sup> Based on the two package options, completing the SPF in Thailand would cost an estimated 0.50 to 1.21 per cent of GDP by 2020.

**Viet Nam.** In Viet Nam, costing exercises were carried out for four different social protection packages, each comprising different combinations of proposed benefits.<sup>18</sup> Based on the two package options, closing the SPF gap in Viet Nam would cost an estimated 1.98 and 6.06 per cent of GDP by 2020 (Figure 7).

### *Affordability and fiscal space*

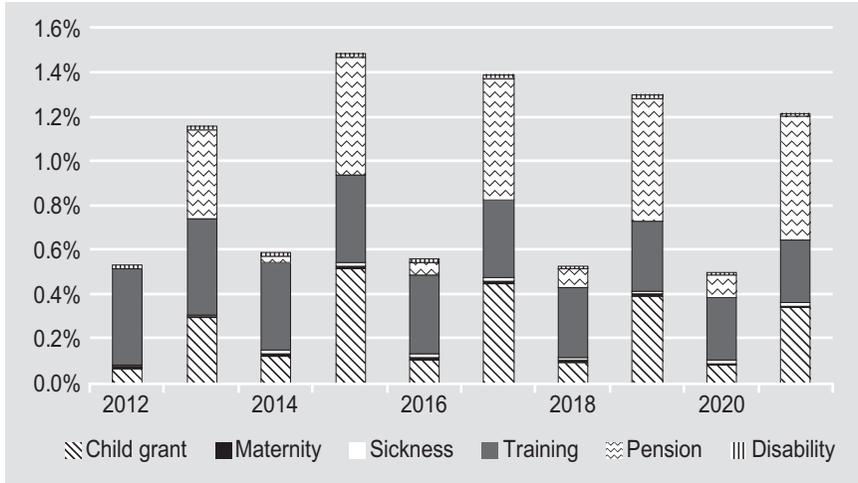
The ABND exercises additionally included some preliminary analysis of the affordability of the proposed recommendations for the respective countries.

Affordability is assessed by calculating the cost of the new social protection schemes and comparing this cost with GDP. If the estimated cost of implementing a proposed social protection scenario is low – 1 per cent of GDP for instance – it may be argued that the country in question can afford to extend the additional social protection benefits.

17. For the full list of policy options costed and details of calculations/combined benefit scenarios, see Schmitt, Sakunphanit and Prasitsiriphol (2013, pp. 52–70).

18. For the full list of policy options costed and details of calculations/combined benefit scenarios, see Bonnet et al. (2012, pp. 25–31).

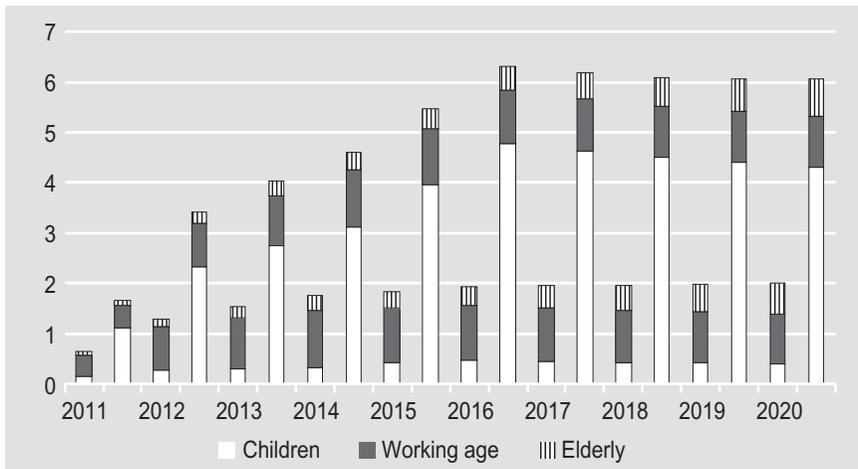
**Figure 6.** Thailand: Cost estimate of low and high combined benefit packages (percentage of GDP)\*



\* Though the graph is relatively simple, it illustrates where Thailand sits in relation to establishing a comprehensive social protection system. The country has already achieved the social protection floor for health care, for example (universal health insurance); consequently, none of the policy options presented in the graph are related to health care.

Source: Schmitt, Sakunphanit and Prasitsiriphol (2013).

**Figure 7.** Viet Nam: Cost estimate of low and high combined benefit packages (percentage of GDP)



Source: Bonnet et al. (2012).

Depending on policy choices and the social model of the country, these additional expenditures may be:

- fully financed through social contributions (made by workers and employers); or
- fully or partially financed from the government budget. In such cases it is important to assess whether the government can afford these additional expenditures, i.e. whether there is sufficient fiscal space.

One of the recommendations included in the assessment report for Viet Nam, for example, is to gradually increase personal income tax to about 1.3 per cent of GDP and increase value added tax by about 1 percentage point, which might be sufficient to generate the 2.3 per cent of GDP estimated to be required for closing the SPF financing gap, while keeping the overall government deficit at a projected level of 3 per cent of GDP.

### *Step 3: Finalization and endorsement of the ABND reports*

Proposals for the freeing of additional fiscal space to make room for new policy initiatives typically comprise a relatively small percentage of a country's overall budget. However such new initiatives must compete with existing policy priorities. Political and consequent budgetary commitments are thus necessary for resources to be committed to/made available for social protection (Harris, 2013).

In recognition of this, the ABND exercises first provided recommendations on completing the social protection floor and costing estimates using the RAP model (as outlined above), and then shared the proposals with government representatives, workers, employers, and civil society organizations with a view to technically validating<sup>19</sup> the report and receiving political endorsement.

The technical validation process can be lengthy and time consuming, given the number of actors involved, particularly the number of relevant ministries: health, education, labour, social affairs, planning, finance and so on. In Thailand, a national coordination mechanism was helpful in speeding up the process. The National Commission on Social Welfare Service Promotion – which includes representatives of all relevant line ministries – coordinated and compiled all technical comments on the draft report.

The endorsement process may involve:

- organizing bilateral meetings with high-level policy-makers to explain the recommendations and seek their support;

19. Technical validation includes the confirmation of the description of the social security situation (the assessment matrix), endorsement of the proposed scenarios, and validation of the parameters and assumptions used in the cost calculations.

- inviting high-level policy-makers to write an acknowledgement of the report;
- organizing a high-level launch event for the report with press coverage;
- developing a number of tools (videos, leaflets) to explain the main recommendations of the report;
- involving civil society networks and workers' and employers' representatives to advocate for some of the recommendations.

In Thailand, for example, the ILO presented the report to the Minister of Labour, Minister of Social Development and Human Security, Secretary General of the National Economic and Social Development Board (NESDB), the Prime Minister's Office and relevant permanent secretaries. The ILO secured their participation in the report launch and they agreed to write an acknowledgement for the report. The report was launched at Government House by the Minister attached to the Office of the Prime Minister, together with the Minister of Labour and the Minister of Social Development and Human Security. More than 300 participants representing the Royal Thai Government, Thai workers' and employers' organizations, civil society, academia, embassies and international organizations attended the event. This major event lent high visibility to the ILO's work in Thailand, and paved the way for future collaboration between the UN Country Team in Thailand and the Royal Thai Government in further supporting the recommendations of the ABND report.

A similar process was carried out in Indonesia, where the ILO presented the final report to the Vice Minister of the State Ministry of National Planning Development (*Bappenas*) and gained support from *Bappenas* for a joint launch of the assessment report on 6 December 2012.

### **Implementing the SPF: Challenges and opportunities**

While the preliminary assessments and calculations set out above demonstrate that progressive establishment of a nationally-defined SPF is possible and affordable, implementation faces a number of challenges in each of the four countries and in the Asia and the Pacific region more broadly. ILO Recommendation No. 202 includes a number of guiding principles that, if applied in national contexts, will help overcome these implementation challenges.

#### *Coherence and coordination*

A lack of coherence across policies was observed in each of the ABND exercises, with multiple and sometimes contradictory legal frameworks compounded by limited collaboration and communication between line ministries and social security institutions. In Thailand for instance, the co-existence of a number of different old-age pension schemes contributes to inefficiencies, administrative

burdens, and protection risks from the lack of portability of benefits across schemes.

### *National consensus*

Achieving coherence with social, economic and employment policies across the institutions responsible for delivering social protection is among the guiding principles of Recommendation No. 202 (ILO, 2012a). The ABND exercises can support efforts to attain coherence at the policy level by building a national consensus on social protection priorities and the extension of social protection. Such a consensus can form the foundation of national social protection strategies. In Cambodia for example, the RAP model contributed to the development of the National Social Protection Strategy. The ABNDs that are planned or underway in Lao People's Democratic Republic, Mongolia and Myanmar will be instrumental in developing the national social protection strategies of these countries.

### *Coordinating mechanisms*

The establishment of coordinating mechanisms is critical to ensure that coherence is sustained at the policy and implementation levels in the long term. It is difficult for a single line ministry (i.e. a ministry of health or social welfare) to achieve effective policy coordination, as their respective mandates do not embrace all dimensions of the SPF. Successful coordination mechanisms can be established, however, at a supra-ministerial level. In Thailand, the National Commission on Social Welfare Service Promotion is a platform for coordinating all social welfare policies, chaired by the Prime Minister. In Indonesia the National Social Security Council is responsible for coordinating the implementation of the new social security laws. In Cambodia a special Social Protection Coordination Unit was created under the Council of Agriculture and Rural Development.

At the implementation level, effective coordination can be established by using common targeting mechanisms to identify beneficiaries. In Indonesia, the National Team for the Acceleration of Poverty Reduction has developed an integrated targeting mechanism and a consolidated database for all poor households. Similarly, the Identification of Poor Households programme in Cambodia has established a common targeting mechanism which is used by several social assistance programmes.

At the subnational level, coordination between programmes can be improved through common social protection delivery mechanisms, where people can be informed, registered, and directed to adapted social protection programmes. Similarly, information on programme coverage and utilization of services can be collected and updated. This can also be instrumental to increasing the capacity of

local governments to deliver social services, to respond to the needs of local populations, and to establish efficient complaints and appeals mechanisms. This kind of coordinating service is currently being developed in Cambodia (called the Social Service Delivery Mechanism) (Schmitt, et al., 2013) and piloted in Indonesia (called the Single Window Service).

### *Adequacy and predictability of benefits*

Lack of resources and/or insufficient financing, resulting in the poor availability and quality of public social services and low levels of benefits, is a significant challenge to achieving social protection for all in Asia and the Pacific. In Cambodia, for example, the monthly survivors' pension for veterans does not cover the cost of two meals.

In countries such as Cambodia, some programmes are still donor-funded. Many programmes are not yet embedded in national law, as is the case with the old-age minimum pension scheme in Thailand. As a consequence the existence, level of benefits and qualifying criteria for accessing benefits are subject to change from one year to another, depending on donor budget allocations or government policy.

The ABND exercises undertaken in the four countries demonstrate that investing in higher levels of basic social protection is not only necessary but can be affordable and sustainable in the long term.<sup>20</sup>

### *Universal coverage*

Many of the existing social protection programmes in countries in Asia and the Pacific are underpinned by the idea that only poor households should be exempted from paying contributions, and that other groups of the population (which inevitably includes vulnerable groups and informal-sector workers), should contribute at least in proportion to their capacity to pay. As a consequence, significant numbers of informal-sector workers are excluded from most or all social protection schemes. They are not poor enough to receive social assistance or welfare benefits, but are not legally covered by social insurance, or when they are, not willing to contribute to social security schemes with benefit packages that do not meet their needs, payment schedules that are incompatible with their (often irregular) income flows, and contribution levels they perceive as too high.

20. This is in line with the guiding principles of ILO Recommendation No. 202, according to which benefits should be adequate and predictable, and financial, fiscal and economic sustainability should be achieved with due regard to social justice and equity (ILO, 2012a).

To implement targeted social transfers, sophisticated and costly vulnerability assessment tools and poverty databases must be established. Targeting methods based on proxy means testing inevitably lead to inclusion and exclusion errors. This is the case with the ID-Poor database in Cambodia and the Team for the Acceleration of Poverty Reduction database in Indonesia.<sup>21</sup>

Although the results of the ABND studies in Indonesia, Cambodia, Thailand, and Viet Nam demonstrate that universal schemes are affordable in all four countries, many policy-makers remain to be convinced. In spite of Thailand's ten years of experience with a universal health care scheme, policy-makers in the country do not agree with UN SPF team's recommendation that a universal child support grant be established and are instead considering child grants targeting poor children only. Such policy orientations make achieving "universality of protection, based on social solidarity" (ILO 2012a) – the first guiding principle of Recommendation No. 202 – a more challenging prospect in the medium term.

### *Management information systems*

Insufficient development of national registry databases and beneficiary identification systems makes the task of reaching out to potential recipients and expanding social protection coverage particularly difficult. When national registration systems are in place, however, the ease of extending non-contributory benefits is greatly improved. It is estimated that in countries such as Thailand – where all nationals have a 13-digit identification card – introducing new, targeted benefits (such as maternity benefits for all pregnant female workers in the informal sector) would only take two to three years.

Despite attempts to harmonize targeting procedures and tools (for instance via the ID-Poor database in Cambodia and the similar targeting mechanism established in Indonesia), none of the four countries studied has yet achieved a comprehensive and integrated management information and monitoring system, and information remains scattered across line ministries and social security programmes. This limits opportunities for exchanges of information and thus the potential to update data, and makes it difficult to monitor the overall extension of coverage.

In Cambodia for example, the management information system designed for the Social Service Delivery Mechanism will include a list of final beneficiaries, a list of all programmes, and information on how beneficiaries can access the

21. The information feeding these databases is only updated once every three years. As a significant share of the population move in and out of poverty relatively frequently, the data defining who is poor and who is not is often inaccurate. In Indonesia, for example, TNP2K data indicates that approximately 53 per cent of those defined as poor in 2008 had moved out of poverty in 2009, while 22.3 per cent of those who were near-poor in 2008 became poor in 2009.

programmes. This will provide the information necessary for monitoring the delivery of services and coverage of beneficiaries and will also be instrumental in evaluating the impact of social protection provisions on graduation out of poverty.

Recommendation No. 202 advocates for “tripartite participation with representative organizations of employers and workers, as well as consultation with other relevant and representative organizations of persons concerned” (ILO, 2012a). However, unlike social insurance schemes that are often governed by tripartite boards, the beneficiaries of social assistance or welfare programmes are in many cases not consulted during the design phase, and not represented in the decision-making bodies of these schemes. Innovative mechanisms to ensure proper representation need to be designed and established. In Cambodia participation will be ensured by involving elected commune councils in the supervision of the Social Service Delivery Mechanism, as well as various committees representing the interests of the population. Workers’ and employers’ representatives who were so far excluded from these committees will also be included during the implementation stage. In addition, a complaint and appeals mechanism will enable the receipt of feedback from, and dialogue with, all relevant parties.

### *Information on, and understanding of, entitlements*

Without appropriate information on existing social protection programmes and entitlements to social security guarantees, significant segments of a country’s population may lack the knowledge and access needed to participate in, and benefit from, existing forms of protection. The role of civil society in countries such as Thailand has been a key determinant in creating awareness and advocating for policy changes in the field of social protection. In countries where access to information is limited, education tools and campaigns need to be designed and implemented from the sub-district level up. This includes education tools that target specific groups, such as children; the development of information brochures and other educational products for dissemination; public service announcements;<sup>22</sup> and broadcast media such as radio dramas. All these measures may contribute to increased understanding of entitlements to benefits.

## **Conclusion**

The ABND exercises carried out in Cambodia, Indonesia, Thailand and Viet Nam produced useful baseline surveys of the social protection situation in each country, in turn enabling identification of policy and implementation gaps in line with the four guarantees of the social protection floor, as set out in the Social Protection

22. For an example of public service announcements, see ILO (2013b).

Floors Recommendation, 2012. The assessment matrices informed the development of both policy proposals and costing models for implementing measures to close social protection floor gaps in each country.

While these products – the ABND matrix, list of policy gaps and implementation issues, policy recommendations, costing exercises and fiscal space analyses – are important and useful within each country for governments and other stakeholders as they pursue national social protection priorities and policy planning, the ABND model has broader relevance for other countries seeking to improve their social protection environments.

The use of a national dialogue with representatives from government, non-government, workers' and employers' organizations to produce the ABND matrix allows the social protection situation to be captured from a range of perspectives and enables progressive consensus-building on key social protection ideas in line with the four SPF guarantees. This facilitates a holistic definition of a national SPF that aligns with the visions of different segments of society – and thus will vary from one country to another. This lends legitimacy to domestic policy choices, helping to secure the necessary fiscal space and in turn helping to ensure their sustainability.

The ABND approach, combined with the RAP costing tool, additionally acknowledges that any policy options proposed to close the social protection gaps identified must be translated into policy scenarios that the country can afford, while allowing flexibility for schemes to be progressively scaled up as greater fiscal space becomes available. As such, the ABND model is suitable for, and adaptable to, a range of country contexts both within and beyond the South-East and East Asia region.

The ILO is continuing to promote the ABND approach and methodology through:

- the provision of technical and policy guidance to stakeholders involving similar social protection assessment exercises in other countries;
- the development of a *Social protection assessment based national dialogue: A good practices guide* (see Schmitt and De, 2013) to be used as a training resource for policy-makers and to inform the conduct of social protection assessments at country level;
- the organization of hands-on training workshops on the SPF at country and regional levels.

The guide will be part of a global effort by the ILO to develop good practice guides on social security – one of the key goals of the ILO's *Social Security for All* strategy (ILO, 2012b).

These efforts will contribute to the development of a comprehensive knowledge base on the social protection situation in Asia and the Pacific and to further promote the development of national SPFs.

To translate the recommendations of the ABND reports into concrete SPF implementation, a number of challenges need to be overcome, as highlighted in the final section of this article. The ILO's Recommendation concerning national floors of social protection, 2012 (No. 202) prescribes a number of guiding principles that, if applied in national contexts, can help to overcome these implementation challenges.

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