

Decent work and social protection in six countries: Umbrella paper

India, Jordan, Morocco, Syria,
Thailand and Viet Nam

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The report was prepared by George Gelber, under the supervision of Pauline Barrett-Reid, Deputy Director of the Social Security Department.

Abbreviations

AMO	Assurance maladie obligatoire
BPL	Below Poverty Line
CMO	Cotton Marketing Organization
CMR	Caisse marocaine des rétrats
CNOPS	Caisse nationale des organismes de prévoyance sociale
CNSS	Caisse nationale de sécurité sociale
CPOs	Country Programme Outcomes
CSMBS	Civil Servants' Medical Benefit Scheme
DWCP	Decent Work Country Programme
GDP	Gross Domestic Product
GECPT	General Establishment for Cereals Processing and Trade
HEPR	Hunger Eradication and Poverty Reduction
ILO	International Labour Office
IMR	infant mortality rate
INDH	Initiative nationale pour le développement humain
ISI	Institution of Social Insurance
JBY	Janashvee Bima Yojana (Scheme)
MDGs	Millennium Development Goals
PSTWF	Private School Teachers' Welfare Fund
QIZs	Qualified Industrial Zones
RAMED	Régime d'assistance médicale aux économiquement démunis
RCAR	Régime collectif d'assurance retraite
SMIG	Salaire minimum inter-professionnel garanti
TFR	total fertility rate
UC	Universal Health-care Coverage
UHS	Universal Health Insurance Scheme
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNPAF	United Nations Partnership Framework
WCF	Workmen's Compensation Fund

1. Introduction

This document is a synthesis of six country papers – India, Jordan, Morocco, Syria, Thailand and Viet Nam – prepared for the ILO in the past 12 months. The papers describe the social protection systems currently in place in each of the countries, relating them to the challenges that each country faces and to the Decent Work Country Programmes (DWCPs) being undertaken in cooperation with the ILO and also to broader UN Development Assistance Frameworks (UNDAF) and National Development Plans. This paper follows the broad structure of the papers prepared for the ILO although in reality there are significant differences between them in style and content. Statistical information has been copied without reference from the submitted documents, but where appropriate, has also been obtained from other sources principally the Human Development Indicators of the UNDP Human Development Report 2007/2008 and the World Bank's World Development Report 2008 and are duly referenced.

The papers provide detailed data and analysis on the coverage and cost of social security systems. All six countries are reforming or are considering reforms to their social security systems.

The six countries differ in size, social and economic structure and their insertion into the global economy. Their governments, however, share the common goal of sustained economic growth which they see as a precondition for extending Decent Work, especially its social protection pillar, to larger numbers of their citizens. They have all achieved moderate or even high rates of economic growth in recent years but the smaller countries will have to work hard to sustain growth in the context of volatility in the world economy and, for Jordan and Syria particularly, an unpredictable geopolitical situation in the Middle East. One of the six countries, Thailand, is among the 13 economies identified by the Commission of Growth and Development as an example of successful, sustained, poverty-reducing growth. But two other countries, India and Viet Nam, the Commission also says, may be on their way to joining this group.¹

Each of the countries recognises that appropriate education and training are needed in order to enable their citizens to access better remunerated employment and to strengthen their countries' overall competitiveness in the global economy. For this reason, the informal sector, in which households and workers are most vulnerable and have least access to education, health and social security, is a common concern. The different governments recognise the informal sector as a long-term or permanent reality that has to be addressed rather than a temporary aberration that will disappear with time. The extension of opportunities and social protection to people working in the informal sector is seen as particularly important. At the same time the informal sector is seen both as a safety net, providing livelihoods for workers who are unable to find employment in the formal sector, and an obstacle to economic and social progress, hindering positive engagement with global economy.

¹ Commission on Growth and Development. *The Growth Report: Strategies for Sustained Growth and Inclusive Development*, published by the World Bank, May 2008.

Table 1. At a glance – key statistics

	Growth of GDP per head % - 2005-06 ¹	GNI per head – 2006 (PPP US\$) ²	GNI per head 2006 (US\$)	Population growth % per year ³	GINI coefficient ⁴	Population below poverty line % ⁵	Infant mortality rate ⁶ per 1,000 live births
India	7.7	3,800	820	1.40	36.5	23.0 (2004 - reducing at 0.74% p.a. 1993-2004)	127 (1970) 56 (2005)
Jordan	4.0	6,310	2,660	2.90	38.8	14.2 (2003) 21.3 (1997)	77 (1970) 22 (2005)
Morocco	6.0	5,000	1,900	1.20	39.5	19.0 (1998/99) 13.0 (1991) ⁷	119 (1970) 36 (2005)
Syria	2.6	3,930	1,570	2.58	...	11.39 (2003/4) 14.26 (1996/7)	90 (1970) 14 (2005)
Thailand	4.2	9,140	2,990	0.60	42.0	9.5 (2006) 16.0 (1999) 11.4 (1996)	74 (1970) 18 (2005)
Viet Nam	6.9	3,300	690	1.30	34.0	14.8 (2007)	55 (1970) 16 (2005)

¹ World Bank, World Development Report, 2008. ² World Bank, World Development Report 2008. ³ From submitted reports. ⁴ UNDP, Human Development Report 2007-2008; Indicators, Table 15. ⁵ From submitted reports. ⁶ UNDP; Human Development Report 2007-2008; Indicators, Table 10. ⁷ In Annex 1, the document states "In the course of the last 20 years, poverty and vulnerability thresholds have seen a clear improvement. Between 1985 and 2004 absolute poverty was reduced from 12.5 per cent to 7.7 per cent [of the population], and relative poverty from 21 per cent to 14.2 per cent."

2. Decent work overview

This section sets out in summary form the issues identified by national governments, the ILO and the UN Development Assistance Frameworks (UNDAF) and the agreed priorities for action under Decent Work Country Programmes. Four countries, India, Jordan, Syria and Viet Nam, have Decent Work Country Programmes agreed or under discussion with the ILO. Morocco's Decent Work Programme was the subject of an agreement between the ILO and the government of Morocco for the period 2002-2005. There have been subsequent discussions on a DWCP in 2007 and a draft document is in existence. Thailand does not have a current agreement with the ILO but is working within a UN Partnership Framework (UNPAF) rather than a UN Development Assistance Framework (UNDAF). A Decent Work programme is "in preparation".

2.1. India and Decent Work

Despite the rapid and sustained growth of the Indian economy in recent years and impressive advances in poverty reduction, 92 per cent of the workforce works in the informal economy. For this reason the Decent Work proposals concentrate entirely on the issues of upgrading support for and extending social protection to the informal sector.

The DWCP-India focuses on the following three priorities:

1. improving opportunities for men and women, particularly young people and vulnerable groups, to engage in productive work;
2. extending social security coverage, particularly for those active in the informal economy; and
3. the gradual elimination of unacceptable forms of work.

For each of these priorities there are outcomes with specified outputs and strategies. The aim is to reach these through strong cooperation with the tripartite partners in the country. With regard to the extension of social security coverage to workers in the informal sector, the planned outputs are:

- Better access to knowledge/tools and mechanisms to address the expansion of social security, occupational safety and health, working conditions and formulation of HIV/AIDS workplace policies at national and enterprise levels.
- Support is given to key actors in health protection schemes targeting the poor, women and most vulnerable groups.
- Support is given to central/state governments, institutions and social partners to design innovative strategies, policies and programmes on social protection.

The Tenth Five-Year Plan (2002-07) noted that "a policy framework at the national level, on social security provisions for different groups of workers and employees, will be formulated. A legislative and administrative framework has to be created for significant coverage of the unorganized sector by social security cover. The strategy would be to motivate and encourage the State Governments to formulate and implement schemes and programmes targeted at certain occupational groups in the unorganized sector without putting any additional pressure on the budget". In fact, 11 health insurance schemes were started by different state governments during the period 2002-07. The present central Government has also stated that it is "firmly committed to ensure the welfare and well-being of all workers, particularly those in the unorganized sector who constitute 93 per

cent of our workforce. Social security, health insurance and other schemes for such workers like weavers, handloom workers, fishermen and fisherwomen, toddy tappers, leather workers, plantation labour, beedi workers, etc will be expanded.”

The Unorganized Sector Workers’ Social Security Bill, introduced in 2007, is now before Parliament for approval. It proposes a minimum social security cover consisting of life insurance, old age pensions and health insurance for unorganised-sector workers belonging to Below Poverty Line (BPL) households. If and when approved by Parliament, these will become the first entitlements for poor unorganised-sector workers in the country. DWCP–India has recognized the importance of this Bill, and plans to work towards the implementation of the Act, whenever it is passed by Parliament.

In anticipation of the bill becoming law, the central Government has introduced three schemes into the Annual Budget of 2008–09, in order to provide social security to workers living in BPL households in the unorganised sector in a phased manner. First, the Aam Admi Bima Yojana will provide insurance cover to poor households. Second, the National Health Insurance Scheme will be launched and implemented in stages so as to reach 300 million people from BPL households over the next five years. Third, the Indira Gandhi National Old-Age Pension Scheme was enlarged to include all persons falling into the BPL category, which is being implemented.

Faster but socially inclusive growth is the central vision of the government of India’s 11th Five Year Plan (2007-12). This acknowledges decent work deficits and sets objectives of creating productive and gainful employment together with improved quality of work. The need to ensure social security for all, especially those in the unorganised sector is recognised as an overarching concern. The government emphasises the crucial role of education in development. The Approach Paper to the 11th Development Plan recognises good quality education as the most important equalizer in society

The government of India explicitly recognises children and people living with HIV/AIDS as vulnerable and HIV itself as a development challenge. With regard to gender, the Approach Paper to the 11th Development Plan acknowledges the gender divide as “a special dimension, calls for gender balancing and adequate provisions to address special needs of women with focus on four aspects – economic empowerment, political participation, health and violence against women.”

With regard to UNDAF (2008-2012), the paper points out that decent work is not specifically mentioned but some decent work priorities emerge in the concrete programmes relating to UNDAF, such as the National Rural Employment Guarantee Scheme which ensures 100 days employment a year to each rural household, where a member volunteers for unskilled manual work, at the minimum wage. The main thrust of UNDAF, however, with 74 per cent of the budget, is “strengthening the policy framework and implementation capacity of large scale state and national programmes.” The budget of US\$1,130 million over five years up to 2012 is shared between nine major UN agencies with a significant “others” category in which other agencies each account for less than 1 per cent of the budget.

2.2. Jordan and Decent Work

Jordan is a small, highly urbanised country, largely dependent on services. With a declining but still high birth rate, Jordan has the challenge of finding work every year for 50,000 new entrants to the labour market, a number that will grow in coming years. Major current challenges are unemployment among young people, especially women, and the apparent mismatch between the education and training system with the demands of the labour market. This unemployment coexists with a population of an estimated 300,000 migrant workers working in Jordan. Over 50,000 migrant workers are employed in the new

export processing zones (Qualifying Industrial Zones – QIZs), one of the success stories of the Jordanian economy in recent years, where they make up an estimated 66 per cent of the work force. There is very low female participation in the work force and in particular a high rate of female graduate unemployment. Overall the economy is dominated by services, accounting for 66 per cent of GDP. The government employs 37 per cent of the work force.

Social insurance is restricted to the formal sector and covers only 42 per cent of the work force. The non-contributory National Aid Fund, the government agency for providing social assistance to the very poor, is inadequate and badly targeted.

The Jordanian government's current priorities were set out by the National Agenda, launched in November 2005. One of its major priorities is job creation and skill development. Its targets are:

- to raise the employability of the work force and improve the provision of training based on market needs;
- to increase flexibility and productivity of the labour market through flexibility in labour laws and establishing safety nets;
- to expand the labour force and the size of the economically active population by replacing migrant labour with local labour, and to increase employment of the disabled and women and formalizing the informal economy.

The Common Country Assessment (CCA) and the UN Development Assistance Framework (UNDAF) for 2008-2012, aim to focus on poverty and employment. The issues of youth unemployment, female economic participation, the widening gap between labour supply and demand, and the rights of workers in the informal sector and in the Qualified Industrial Zones will be addressed. These are in line with the Decent Work Country Programme which has the following priorities:

- creating decent jobs for men and women;
- improving governance through administrative reform and social dialogue;
- enhancing social protection.

2.3. Morocco and Decent Work

Morocco has had moderate economic growth since 2000. The country faces the following problems: high unemployment (9.7 per cent on a national level), but particularly high rates for young people and graduates. The formation and qualifications provided by the higher education system do not fit large numbers of graduates for the world of work in a modern economy; rural poverty with nearly a quarter of the rural population living below the poverty line; a swollen informal economy; and a large and predominantly poor rural population.

Social security and health insurance have been restricted to the formal sector but serious efforts are now being made to achieve wider health coverage. Recent reforms should provide some sort of access to health services for over 50 per cent of the population. Social security is much more restricted: three quarters of the economically active population, 7.5 million, will have no access to any pension scheme. But since the mid-1990s government expenditure on social sectors has accounted for more than half of the budget.

The agreement between Morocco and the ILO was for a programme of work 2002-2005. Further work is being carried out under the UNDP programme in Morocco (2007-2011) in the context of a national plan, the National Human Development Initiative (Initiative Nationale de Développement Humain - INDH) aimed at achieving the eight Millennium Development Goals (MDGs) within the 2015 timeframe. A draft DWCP is under discussion.

Morocco was one of a number of countries which engaged in a pilot programme on decent work with the ILO that focused on a particular sector of the economy. The textile and garment industry was chosen in Morocco because of its strategic role in the national economy. Its 200,000 workers represent 42 per cent of the industrial workforce and the sector provides 34 per cent by value of Morocco's exports.

The project – TRA Maroc (Travail Décent Maroc) was launched in June 2005 with the voluntary participation of 12 companies in Casablanca, Rabat and Tangiers. The objectives are to improve social dialogue in the textile and garment industry and improve conditions in the industry in the short and medium term. Outcomes were positive across a number of indicators. The European Union and the European Investment Bank are supporting the National Action Plan (PAN), in line with UNDAF wide-ranging poverty reduction objectives. One of the specific objectives is to close the gap between employment law and practices in Morocco with those of the EU.

2.4. Syria and Decent Work

The Syrian government's 10th Five-Year Plan (2006-2010) is intended to be the blueprint for comprehensive economic and social reforms needed to facilitate the transition from a centrally planned to a 'social market economy'. This is the background to the challenges currently faced by the labour market. Like Jordan, Syria has a high though slowing rate of population growth, youth unemployment, the challenge of absorbing 300,000 new entrants to the labour market every year, low female participation in the labour force, ineffective labour market institutions and a wasteful system of social protection. Syria's social insurance system is the oldest in the Arab region, dating from 1959, but is seen as wasteful and badly targeted.

The informal sector has grown in recent years and child labour is also thought to have increased. Insurance is restricted to the formal sector. It is not surprising therefore that one finding of the paper is that 98 per cent of pension payments are received by the non-poor. Syria has a universal healthcare system which in 2005 was spending US\$29 per head per year. Syria's Decent Work Country Programme (2008-2010), agreed in February 2008, concluded that "... the existing social security system needs to be adapted to the new economic reforms in order to guarantee future financial sustainability. A further challenge is the extension of social security to the 'excluded majority' in the rural sector and the informal economy. A combination of policy instruments is needed: unemployment benefits for formal sector workers, public works and a minimum benefit package for all workers, including those in the informal economy."²

Syria's first Decent Work Programme will run in parallel (2008-2011) with the National Development plan (2006-2010) and the UNDAF (2007-2011). Its priorities and outcomes are as follows:

² Syria, Decent Work Country Programme 2008-2010, February 2008, p. 16.

Priority I: Improve the capacity of tripartite constituents to implement labour policies and legislation.

Outcome 1: Labour market governance and compliance with DECLARATION and ILS improved through strengthened labour administration.

Outcome 2: Policies and mechanisms for social dialogue improved and legal framework strengthened programme strategy.

Priority II: Increase employment opportunities.

Outcome 3: Strengthened capacities of national partners for the development, monitoring and evaluation of a national employment strategy.

Outcome 4: Conducive business environment targeting Syrian youth and women fostered.

Priority III. Enhance social protection

Outcome 5: Improved capacity of government and social partners to strengthen social security policy making and administration and to improve the access to adequate level of social protection to all workers and their families, including those in the informal economy.

2.5. Thailand and Decent Work

Thailand has enjoyed strong economic growth in recent years which has brought the poverty rate down to 9.5 per cent. The target for the current tenth National Development Plan is to reduce the poverty rate to 4 per cent. Thailand has a large informal sector, accounting for 60 per cent of the work force in 2007. These include 10-11 million self-employed workers, mostly in commerce and agriculture and unpaid family workers. At the same time Thailand has made a number of recent changes in its social security system which have extended protection to larger numbers of the population.

Thailand does not have a current DWCP with the ILO but is working within a UN Partnership Framework (UNPAF) described as a “a mutually beneficial partnership between the UN and the Royal Thai Government in areas of strategic importance to Thailand as a middle-income country. It replaces the traditional United Nations Development Assistance Framework (UNDAF). The UNPAF aims to empower the most vulnerable people in society to claim their rights to live in dignity, free from fear and want and to build the capacity of people in responsible positions to fulfil their societal obligation.” Thailand’s ninth and tenth Development Plans (2002-2006 and 2007-11) are in line with the spirit of the ILO’s commitment to Decent Work.

Workers in the informal sector have little access to social protection. For this reason Thailand’s Decent Work Country Programme (DWCP), currently in preparation, will prioritise access to social protection for workers in the informal economy, including small farmers and agricultural workers, sub-contracted and migrant workers. Strategic plans are set out in the Tenth National Plan to promote, among other things, “formal and informal social protection to cover all communities”, “saving for retirement”, “income security in local communities”, and “basic assistance to disadvantaged group in the communities”.

2.6. Viet Nam and Decent Work

Viet Nam has experienced strong economic growth since 1990, averaging over 7 per cent per year, but this has not been reflected in the growth in employment, which has fluctuated

with an annual rate of between 2 and 2.5 per cent over the period. At the same time Viet Nam has made significant social progress, bringing down rates of infant mortality, increasing life expectancy, and increasing education enrolment rates. This growth has been accompanied by widening gaps in terms of income and the rural/urban divide. The challenges set out in the paper are to ensure that this growth is sustainable in both economic and social terms. In terms of employment, Vietnam faces the dual challenge of providing opportunities and work for over one million new entrants to the labour market every year as well as for the already jobless and those who are being made redundant by the dismantling of the state-enterprises sector. The paper relates the Decent Work agenda to these challenges.

The National Cooperation Framework on Promoting Decent Work in Viet Nam 2006-2010, based on the ILO's strategies on Decent Work, was signed in 2006. The signatories were the Ministry of Labour, War Invalids and Social Affairs (MOLISA), the Viet Nam General Confederation of Labour, the Viet Nam Chamber of Commerce and Industry, the Viet Nam Cooperative Alliance and the International Labour Office. Under this cooperation framework the ILO pledges to provide assistance to the government programme on employment.

The Framework sets out the following priorities:

1. The development of a labour market that is in conformity with the law and the strengthening of labour institutions which support economic integration and the country's transition to a market economy. Viet Nam regards international standards as "benchmarks, guidelines and examples of best practice" which, it says, "will be used as points of reference and models for national labour legislation, labour inspection, employment, human resources development, cooperatives and wages."
2. Employment creation and poverty alleviation including through support to the emerging private sector, to human resources development and to the expansion of skills and livelihoods. Particular challenges are identified as youth unemployment, skills training, rural-urban and international migration, and persistent pockets of poverty.
3. The extension of social security and occupational safety and health to the wider population. Employment is identified as "the best route out of poverty", [but] "measures for risk management by the poor and the need for innovative forms of social insurance and social safety nets by the authorities are important in assuring the protection of the poorest and most vulnerable parts of the population." Among the objectives under this heading are "Steps to initiate the extension of social security to the larger population and innovative methods ... to provide protection to people outside the formal system."
4. Supportive policies for the most vulnerable workers. The framework acknowledges gaps between laws designed to protect the vulnerable, particularly children, and practice. It expresses concern that increasing rural-urban migration and the emergence of the informal economy could lead to greater vulnerability of children to trafficking and labour exploitation. People living with HIV/AIDS are identified as another vulnerable group.

Gender mainstreaming is identified explicitly as a cross-cutting theme for the framework.

The Viet Nam case study makes a strong plea for the Decent Work agenda to address the challenges of growing inequality and uncertainty in Viet Nam caused by strong growth, migration, and environmental and economic risks.

The Decent Work agenda is fully consistent with the outcomes of the UNDAF for Vietnam (2006-2010):

- government economic policies support growth that is more equitable, inclusive and sustainable;
- the quality of delivery and equality in access to social and protection services improves; and,
- policies, law and governance structures support rights-based development to realise the values and goals of the Millennium Declaration.

Cross-cutting issues include equity and the inclusion of vulnerable groups; Vietnamese youth in transition; participation for empowerment and accountability; and the challenge of HIV/AIDS. Gender is mainstreamed throughout the UNDAF in order to address traditional stereotypes about the roles of women and men, and to improve systematic sex disaggregated data and information on gender-specific issues.

Each country's Decent Work programme reflects its own particular context and challenges. Each of the countries recognises that the informal sector is a permanent or very long term reality rather than an aberration which will disappear with time. For this reason they are looking for ways to extend social security, currently limited to the formal sector, to people working in the informal sector.

Common concerns are

- the informal sector and lack of social protection for people working within it and therefore the need to devise ways of extending social protection to the informal sector;
- the need for appropriate education and skills training at all levels to provide access to good quality employment and their importance for international competitiveness and the economy as a whole;
- the importance of efficient and effective labour market institutions for the two-way challenge of matching skills and qualifications to employment;
- the need for gender sensitive approaches and institutions to ensure that women are not disadvantaged in the workforce.

3. Demographic factors

All six countries are experiencing slowing population growth and increasing life expectancy, reflected in dramatically reduced rates of infant mortality and larger numbers of older people. These trends are not uniform across the countries. The paper on India, for example, points to significant differences in fertility between urban and rural areas, with the consequence that the decrease in the rate of growth of the total population has been slower than might have been expected.

Table 2. Population, population growth and life expectancy

	Population (millions)	Rate of Population Growth - % per year	Life expectancy at birth	Total fertility rate ¹ (births per woman)
India	1,095 (2005)	1.5 (2005)	63.6 (2005)	5.3 (1970-75)
		2.0 (1975-2000)		3.1 (2000-05)
Jordan	5.71 (2006 est.)	2.9 (2000-2005)	63.7 (1980-85)	7.8 (1970-75)
		5.9 (early 1990s)	71.3 (2000-05)	3.5 (2000-05)
Morocco	30.6 (2006 est.)	1.34 (1994-2006)	67.9 (1994)	6.9 (1970-75)
		2.1 (1982-1994)	72.8 (2006)	2.5 (2000-05)
Syria	10.37 (2006 est.)	2.5 (1995-2000) ²	67.9 (1994)	7.5 (1970-75)
		3.7 (1980-1985)	72.8 (2006)	3.5 (2000-05)
Thailand	64.3 (2005)	0.72 (2008)	60.5 (1970s)	5.0 (1970-75)
		2.65 (1970s)	72.9 (2005-10)	1.8 (2000-05)
Viet Nam³	85.0 (2005)	1.3 (2005-15 projection)	73.7 (2005)	6.7 (1970-75)
		1.9 (1975-2000)		2.3 (2000-05)

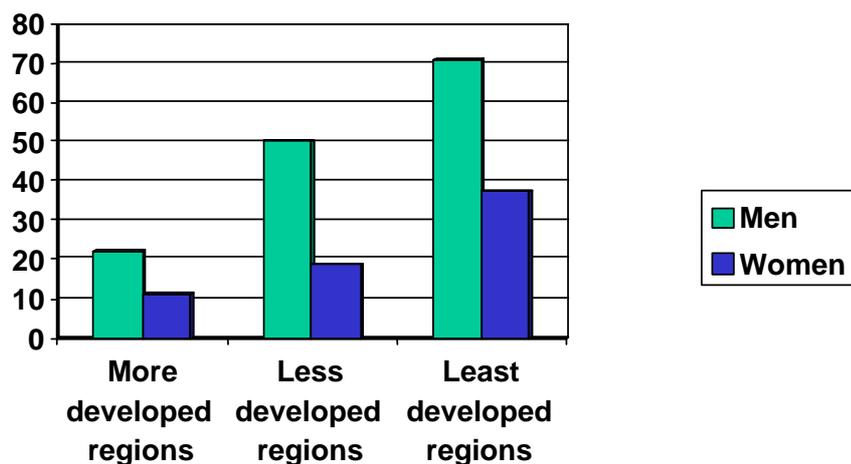
¹ UNDP HDR, op. cit., Table 5.

² Population growth increased sharply in 2000-05 to 2.7 per cent a year as a consequence of a large refugee influx.

³ UNDP HDR, op. cit., Table 5.

The changes in population structure resulting from increases in life expectancy and, for most countries, comparatively recent falls in total fertility rates, mean that they are experiencing higher old age dependency ratios and lower youth dependency ratios combined with large numbers of young people (over 15 years of age) currently entering the labour market. While the reduced youth dependency ratio is seen as a favourable development, the benefits will only be fully realised insofar as new entrants to the labour market are able to access high quality jobs and are therefore able themselves to contribute to social protection both through their own contributions to social security funds and directly to their own family members. Although it is not mentioned in any of the country papers, it should be noted that the majority of older people in these countries are likely to remain economically active, especially in the informal economy and in agriculture, long after they have passed the official retirement age.

Chart 1. Per cent of over 60s in the labour force



Source: Population Ageing Wallchart 2006 – UNDESA.

Morocco, for example, comments: “The phase of demographic windfall, corresponding to the relative fall in the dependency rate, will last until 2014. The economically active population will grow from 15 million people in 2002 to 22 million in 2025. From now until 2015, there will be on average a requirement for 400,000 additional jobs each year, a significantly higher number than the average of 217,000 jobs created annually between 1995 and 2003.” Similarly Viet Nam views the growth in the proportion of the population of working age as a “demographic dividend”. This rose from 50.37 per cent in 1979 to 64.5 per cent in 2006, and is expected to peak in 2019 at 69.1 per cent. The paper notes that this demographic gift also requires the creation of decent work and increases demand for social security, health care, education and poverty reduction for a large number of working people put under high pressure. India expects 10 million new entrants to the labour force each year; Syria, 300,000; Viet Nam, 1.3 million; and Jordan, 50,000. In Jordan, moreover, the workforce is projected to grow even faster in the future – about 4 per cent per year within 10 years.³

³ European Training Foundation (ETF): Technical and vocational Education in Jordan: Areas for Development Cooperation. Report prepared for the European Commission in Amman, February 2006. *Quoted in ILO Decent Work Country Programme; Hashemite Kingdom of Jordan; August 2006. p.3.*

Birth rates are falling in all countries but this is a comparatively recent phenomenon and in some countries, particularly Jordan and Syria, they are still high. The consequence is that for the next decade or even longer there will be large numbers of young new entrants to the labour market, the majority of whom will not be able to find work in the formal sector. The possible exception to this is Thailand. The specific challenge of youth unemployment is mentioned in five of the six papers.

At the same time the number of people living beyond retirement age is increasing. Many of these will remain economically active, especially in the informal sector, so dependency rates for older people based solely on the official retirement age of 65 are misleading. These dependency rates imply that all older people are wholly dependent on pensions or other means of support provided by the economically active population aged 15 to 64 – and this is not true. Nevertheless the number of older people is growing in all six countries and the needs of those who are unable to work and who have no social insurance will begin to place strain on both informal systems and social assistance budgets while, in the formal sector, pensions systems will come under strain as the numbers rise of older people drawing pensions and claiming other benefits.

4. Labour market

In addition to creating jobs for new entrants to the labour market, jobs have to be found for people of working age who are currently unemployed.

4.1. India

In India unemployment is running at 7.2%. Between 1999-2000 and 2004-05 total employment in the economy increased from 397 to 458 million. India's high growth rates have not created large numbers of new, high quality jobs, so all this increase has been in the informal sector which accounts for 395 million workers. Each year there are 10 million new entrants into the labour force. Informal sector workers are divided between 253 million employed in agriculture and 142 million in non-agricultural work. The proportion of non-agricultural workers in the informal sector grew from 32 to 36 per cent between 1999-2000 and 2004-05.

The paper comments that over this period formal sector employment did not increase at all or was even marginally negative. Access to good quality employment is limited by low levels of education and skills which are the consequence of the failure of education and training and labour market institutions to balance the supply of and demand for appropriately skilled employees.

Labour force participation rates for men are high in both the urban and rural sectors, running at well over 90 per cent for most age groups, but women's participation is low, half that of men in the rural sector, and even lower in urban employment, running at around 23 per cent for the 20-59 age group.

4.2. Jordan

This paper, for example, comments: "Over the past few years, the growth rate of the working age population has continued to exceed the overall population growth rates and consequently curbing the excessive dependency ratios as explained earlier. This, however, constitutes a major challenge and builds up pressure on the local economy to create sufficient economic growth to absorb nearly 50,000 new entrants to the labour market every year as well as to achieve reductions in the already high unemployment rates. Despite the improved economic conditions over the past few years, unemployment rate continued in double digits and stood at 15.7 per cent in 2006."

Jordan suggests that young people emerging from education do not have the skills now required by employers: "... labour demand, both locally and regionally, has been shifting towards more educated participants." One of the objectives of the National Agenda, launched in Jordan in November 2005, is that "Jordanians will be prepared for lifelong learning and will work progressively in higher-value added occupations." This will be accomplished by "raising the employability of the work force and provision of training based on market needs", and "expanding the labour force and the size of the economically active population through replacing migrant labour with local labour, increasing employment of the disabled and women and formalising the informal economy."⁴

⁴ ILO Decent Work Country Programme; Hashemite Kingdom of Jordan; August 2006, page 5.

4.3 Morocco

In Morocco, nationally the rate of unemployment is 9.7 per cent but this rises to 15.5 per cent in urban areas (2006). The paper notes high rates of unemployment for young people: 31.7 per cent for the 15-24 age group and 21.2 per cent for 25-34 age group in urban areas in 2006. Overall the 15-34 age group accounted for 80 per cent of all urban unemployment in 2006.⁵

In the case of Morocco, high unemployment is blamed on the country's modest rate of economic growth and also on the failure of the education system to prepare young people for the world of work. "General education has been privileged at the expense of professional and technical training. This preference for higher education has led to a shortage of intermediate skills. Thus there are a number of indicators of a mismatch between the educational system and the productive economy, such as graduate unemployment now experienced by young people leaving university." Women's participation in the labour market is low (28.4 per cent in 2004, up from 21.5 per cent in 2004) and women's rates of unemployment are higher than those of men.

In the case of Morocco, high unemployment is blamed partly on the failure of the education system to prepare young people for the world of work. "General education has been privileged at the expense of professional and technical training. This preference for higher education has led to a shortage of intermediate skills. Thus there are a number of indicators of a mismatch between the educational system and the productive economy, such as graduate unemployment now experienced by young people leaving university." Women's participation in the labour market is low (28.4 per cent in 2004, up from 21.5 per cent in 2004) and women's rates of unemployment for women are higher than those of men.

4.4. Syria

Syria is in a similar situation: "... high unemployment rates have been one of the features that characterized the Syrian labour market. The most recent figure estimated it at 14.8 per cent of the labour force for 2003, with significantly higher rates for female participants estimated at 28.3 per cent of the female labour force, compared with 9 per cent of the male labour force." The large number of jobs in the informal economy leaves the majority of workers without basic forms of social protection, and the majority of these are women, who are often exposed to financial, economic, and social risks and vulnerability resulting from their need to find employment and generate income.

In Syria, the highest unemployment rates are those of young people with secondary education (10.5 per cent male and 42.5 per cent female). The difference between the male and female rates of unemployment is ascribed to the fact that traditional urban employment for women is in administration, health and education, which require post-secondary education.

4.5. Thailand

Unemployment in Thailand is currently about 2 per cent (2002-2007) and is not seen as a problem. Indeed, it is significantly lower than the average for OECD countries. However,

⁵ The 2006 rate of unemployment rate for urban youth, 15-24 yrs old, was 31.7%; for 25-34 yrs age group it was 21.2%.

concern for the future dynamism of the Thai economy means that the current Tenth National Development Plan calls, among other things, for “expanding the skilled, secondary and tertiary labour forces; increasing and distributing knowledge centers in the productive sector and in communities; increasing labour productivity, by using and improving communities’ know-how for local development.”

4.6. Viet Nam

Unemployment in Viet Nam has been falling steadily from 6.9 per cent in 1998 to its present level (2007) of 4.64 per cent

As well as the growing size of the labour force in Viet Nam (45.6 million, with 1.3 million new entrants every year), the big challenge is its low quality. The proportion of educated and trained workers in the labour force has increased rapidly from 21 per cent in 2003 to 30 per cent in 2007 but this is still too far below the 2010 target of 40 per cent. The quality of training is also important: the education and training structure is not appropriate with an imbalance between vocational training and college/university education, with the consequence that there is a shortage of highly skilled workers and an over-supply of students and graduates. Many young people have been forced to accept jobs which do not match their educational attainments. The paper comments that this mismatch between education and employment represents a waste of human capital.

There is a high overall rate of female participation in the labour market (85 per cent) but this hides significant differences between male and female employment. Only 24 per cent of women are in waged employment, compared to 39 per cent of men, which is an indicator of lower rates of employment in the formal sector. The paper comments that women mostly do unskilled work, in difficult working conditions, with low productivity and wages (mainly in agriculture), the informal sector and self-employment, attributing this to the fact that in general women are less skilled than men and tend to leave school earlier than men.

The paper calls for more attention to be given to migrants, both external and internal rural-urban migrants, whose conditions of work and access to social services are markedly inferior to those of non-migrants.

Finally, the paper notes that “insufficient attention has been given to the role of labour market institutions, resulting in weak labour market institutions and enforcement and limited social dialogue.”

Table 3. Male and female labour market participation rates

	Total labour force	Male participation (%)	Female participation (%)
India	457,000,000		34.0 (2005 - from HDR) ¹
Jordan	1,911,000 (2006)	79.9	29.9
Morocco	11,000,000 (2006)	76.4	27.2
Syria	6,400,000	92.0 (approx)	40.5
Thailand	37,000,000	89.0	72.0
Viet Nam	45,600,000 (2006)		72.2 (2005 - from HDR) ¹

¹ UNDP Human Development Report 2007/08 – Indicators: Table 31: Female Economic Activity 2005.

This chapter brings together the themes of demographic growth, unemployment, education and the labour market. All countries, with the exception of Thailand, highlight the issue of youth unemployment. This is seen as a consequence of the large numbers of young people entering the labour force each year; of the failure of education and training institutions to prepare them for the world of work; and of the failure of labour market institutions to match the needs of employers and of people seeking work, especially those who are seeking work for the first time.

All six countries recognise that investing in the knowledge and skills of their workforce is essential to being able to respond successfully to the continuing challenge of globalisation. Some countries will have to look critically at academic traditions and disciplines which are increasingly out of step with the demands of the labour market. India, Jordan, Morocco and Viet Nam talk explicitly about a mismatch between education and training systems and the productive economy.

Women fare particularly badly, especially in Jordan, Syria and Morocco. Women with secondary and tertiary education experience much greater difficulty in finding work than their male counterparts and this is reflected in much higher unemployment rates. It appears that employers in some countries discriminate against young female jobseekers because they would have to meet the additional costs of maternity if their employees became pregnant.

5. Macro-economic context

5.1. India

The Indian economy has witnessed impressive and steady economic growth in recent years, which is expected to continue. The structure of the economy has undergone significant changes during the past two decades, with an increasing share of trade and services, declining share of agriculture and progressive trade liberalization. The decline in the incidence of absolute poverty, however, has not kept pace with that of the acceleration in growth. Economic reforms have contributed more to the growth of added value in the formal sector than employment creation. In terms of numbers, growth of overall employment, which decelerated in the 80s/90s, has been reversed during the last few years. However, most of the new jobs created are in the large informal economy.

Skills shortages are seen as one of the main obstacles to sustaining socio-economic development and high growth in industry. While low levels of education and skills limit the chances of paid or self-employment, the mismatch between available skills supply and demand as well as limited access to training and a largely outdated employment services structure are major constraints as well.

Agriculture contributes only 18 per cent of GDP and its growth has not kept pace with other sectors of the Indian economy. Since agriculture provides livelihoods for two thirds of India's population, this relative decline will have a direct impact on rural households, especially those of agricultural labourers. Unemployment among agricultural workers has increased sharply, from 9.5 per cent in 1993-94 to 15.3 per cent in 2004-05. One of the main challenges recognized by the Approach Paper to the 11th Development Plan is to regain agricultural dynamism.

The paper comments that India's fiscal deficit has been financed mainly by borrowing and, although it has fallen, the largest part of government expenditure goes to paying interest. This leaves little fiscal space for the investments and recurrent expenditures, such as skills training, that are needed to provide gainful employment to the working age population. Although the share of expenditure on the social sector has been increasing, the government of India has not been able to meet its targets. The allocation to the social sector is expected to be only 8.6 per cent of total expenditure in 2008-09. The paper comments: "In other words, the inclusive growth emphasised in the 11th Five Year Plan is not visible in terms of the actual allocation of the government's expenditure. Hence, how to create more fiscal space, as well as allocating resources efficiently, are fundamental challenges for India."

5.2. Jordan

The Jordanian economy is dominated by services (70 per cent of GDP) but efforts are being made to shift towards export led growth. Jordan has entered into an Association Agreement with the European Union, has signed a Free Trade Agreement with the United States and has joined the WTO. Jordan has created new export processing zones (Qualified Industrial Zones - QIZs) which have increased exports from USD 150 million in 2001 to USD 1,396.8 million in 2006, accounting for more than a third of domestic exports.

Remittances, mainly from Jordanians working in the Gulf region, play an important part in the economy, and were estimated at 16.9 per cent of GDP in 2005. Foreign aid is also

important, accounting for about 5.5 per cent of GDP.⁶ Employment in the QIZs is dominated by foreign workers, mostly from Asia, who make up 66 per cent of their workforce.⁷

5.3. Morocco

The Moroccan economy has grown at an average rate of 5 per cent a year since 2001. GDP per head is USD 4,959 (2006).⁸ Savings are running at 26 per cent of GDP thanks mainly to remittances from Moroccans working abroad, totalling USD 5,454 million in 2006, 9.5 per cent of GDP.⁹ Inflation is moderate to low as is external indebtedness.

Morocco is the world's biggest exporter of phosphates, which accounts for one third of Moroccan exports. The textile and clothing industry is responsible for 28 per cent of GDP and employs 200,000 workers (42 per cent of the industrial workforce) of whom more than 70 per cent are women. At the same time Morocco is diversifying its industrial base with investments in chemicals, paper, electronics and information technology. Tourism accounts for 7.8 per cent of GDP.

5.4. Syria

The Syrian economy grew at just under 5 per cent year from 2004 to 2006, recovering from a period of low growth, less than 2 per cent a year, between 1999 and 2003, resulting from regional factors and a sharp fall in oil production which still accounts for 24 per cent of GDP. Oil's share of GDP is projected to fall to less than 12 per cent by 2015 and Syria will become a net oil importer by 2010-2105. The proceeds from net oil imports will swing from a surplus of 3.5 per cent of GDP (2006) to a deficit of 10 per cent in 2015. The fall in receipts from oil is a threat to the future stability of the government's budget. The decline in production reduced government revenue from oil taxes by 10.2 per cent of GDP between 2003 and 2006, but the recent sharp rise in oil prices has partially compensated for falling production. The Syrian government has also increased revenues from other sources, up by 3.3 per cent over the same period. Government expenditure was also cut by 3.7 per cent.

Syria is in the process of moving from a centralized, state-controlled to a social market economy and is developing the policy instruments and the institutions needed to facilitate this. For instance, Syria's Decent Work Country Programme points to the need for thorough reform of the country's employment services which are failing both job-seekers and employers. It also observes that "Social protection and social safety nets to protect the vulnerable are not targeting the needed population. The existing social safety net is costly and inefficient. It cannot manage the poverty risks deriving from the country's economic transition process. It is recognised that reforms and diminishing of many of the subsidies

⁶ No year given in paper for this. According to HDR 2007/08, foreign aid to Jordan was 4.9 per cent of GDP in 2005.

⁷ ILO Decent Work Country Programme; Hashemite Kingdom of Jordan; August 2006, p.4.

⁸ The World Bank figure for GNI (PPP equivalent) , not GDP per head, in 2006 is \$5,000.

⁹ World Bank, Migration and Remittances Factbook 2008, available at <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21352016~isCURL:Y~menuPK:3145470~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html>.

on goods and services can affect some segments of the population adversely, especially in the short-term. The social security system, which is the oldest in the Arab region and which covers public and private sector employees for pensions and work injury, is facing severe challenges that will compromise its medium-term viability. Any reform needs to address the current short comings but also to take into account the country's transformation from a central market economy to a social market economy.”¹⁰

In spite of the fact that GDP per capita remained unchanged in real terms between 1996/7 and 2003/4, the proportion of population below the poverty line was reduced from 14.26 per cent to 11.39 per cent. The paper suggests that the fall in poverty was the result of growth in real per capita expenditure, possibly the consequence of greater confidence in economic prospects or a rise in transfers, pensions, domestic transfers and remittances. However, these three sources of income together represent only a small proportion of the income of the poor, 3.79 per cent, compared with 11.41 per cent for the non-poor.

5.5. Thailand

Thailand has already been identified as a successful, high-growth economy. The paper points out that government expenditure accounts for a lower than average proportion of GDP, currently running at 17.5 per cent of GDP, up from 15.3 per cent before the crisis of 1997/8. The Thai government customarily runs a budget surplus. The structure of government expenditure has changed in recent years: before the crisis half of government spending was capital expenditure and was spent on infrastructure – now (2003) it has declined to 17 per cent, while subsidies and transfers have risen from under 10 per cent in 1996 to 24 per cent. Over the past 30 years Thailand has moved from being predominantly agricultural to an economy in which industry accounts for approximately 40 per cent of GDP and commerce and services a further 38 per cent.

5.6. Viet Nam

In 1986, the Sixth Party Congress approved a broad economic reform package that introduced market reforms. The economy has been growing strongly since 1997, averaging GDP growth of 6.8 per cent from 1997 to 2004 and is currently growing at over 8 per cent a year. The government of Viet Nam has reaffirmed its commitment to economic liberalisation and international integration. Viet Nam is a member of the ASEAN Free Trade Area (AFTA). Viet Nam joined the WTO in January 2007.

The structure of the economy is changing: the proportion of the workforce employed in agriculture decreased from 73 per cent in 1990 to 54.6 per cent in 2007, while the proportion employed in industry and services has increased over the same period, from 11.2 to 19.6 per cent for industry and from 15.7 to 25.9 per cent for services. Employment in state-owned enterprises represented only 9 per cent in 2007 compared with 11.6 per cent in 1990.

Viet Nam's strong export-led growth has attracted foreign investment, has led to a growth in the money supply and has fuelled inflation which is now running at over 12 per cent a year. As a consequence the government has announced a stabilisation package involving cuts in government expenditure and stopping inefficient public investment projects, postponing new ones and allowing greater flexibility in the exchange rate. The high rate of

¹⁰ Syria Decent Work Country Programme – February 2008, p. 3.

inflation has had an impact on real wages which had also been growing strongly since 2000.

Globalisation and the liberalisation of international trade is the unifying theme for all six countries – but at the same time there are significant differences between them. All six countries have enjoyed moderate to excellent rates of economic growth in recent years but volatility in the world economy and geopolitical factors in the Middle East increase uncertainty. Future economic growth will depend on their success in regional and global markets. Manufactured exports from the formal sector of the economy are a key element in the growth of India, Jordan, Morocco, Thailand and Viet Nam. The first priority for governments is to maintain and enhance the competitiveness of this sector and they are considering ways to achieve this directly through education and labour market reforms and indirectly through health expenditure. Natural resources play an important but diminishing role in the economies of Morocco and Syria. In each country, with the exception of Jordan, under-capitalised smallholdings coexist with modern agriculture supplying domestic or foreign markets. Remittances from citizens working in other countries are significant for Jordan (16.9 per cent of GDP in 2005), for Morocco (c. 6 per cent of GDP in 2007) and also for Syria.

6. Agriculture, the formal economy, the informal economy

6.1. Introduction

All six countries have multiple economies: a formal commercial and industrial sector, parts of which are highly productive, a lower productivity informal sector and an agricultural sector which, though it may have high productivity elements, is overall a low productivity sector and acts as a sponge, soaking up excess labour from other sectors, often on a seasonal basis.

Table 4: Labour force and GDP by sectors ¹¹

	Labour force (millions)	Agriculture		Industry		Services	
		Labour force (%) ¹	GDP (2006) ² (%)	Labour force (%)	GDP (2006) ² (%)	Labour force (%)	GDP (2006) ² (%)
India	516,400,000	60.0	18.0	12.0	28.0	28.0 (2003)	55.0
Jordan	3,441,000	5.0	3.0	12.5	32.0	82.5 (2001 est)	68.0
Morocco	11,050,000	40.0	17.0	15.0	29.0	45.0 (2003 est)	54.0
Syria	5,462,000	19.2	25.0	14.5	33.0	66.3 (2006 est)	42.0
Thailand*	37,122,000	41.8	10.0	20.4	46.0	37.8	44.0
Viet Nam**	45,600,000	54.6	21.0	19.6	41.0	25.9	38.0

* Thailand labour force data are contained in the Thailand paper. Based on Labour Force Survey, Quarter 3, 2007.

Industry category is industry + construction.

** Viet Nam labour force data are contained in the Viet Nam paper.

¹ Labour force data 2007 from CFB for India, Jordan, Morocco and Syria.

² World Bank, World Development Report 2008.

6.2. India

In India the informal economy is an inescapable reality. Of the total employed population of 457 million (the total workforce may be as high as 516 million),¹² 395 million are in what the paper calls the “unorganised sector”. As mentioned above, agriculture provides livelihoods for two thirds of India’s population, employing 253 million people. For this reason India’s Decent Work efforts are directed towards the informal sector. The paper recognises “the need to provide adequate and reliable social security to unorganised sector workers as an entitlement and that, further, there is a need to shift the focus from employment-based social security benefits to universal provision. ... In the current context of globalisation, an effective and efficient social security system is a key instrument to soften income gaps, redistribute incomes and ensure that harsh social conditions are avoided for the vast majority of unorganized workers.”

¹¹ CFB.

¹² CFB.

6.3. Jordan

Jordan is highly urbanised, with 78 per cent of the population classified as urban and 38 per cent concentrated in the capital city, Amman. Agriculture plays only a small part in the economy, accounting for 3.5 per cent of GDP and 5.0 per cent of the labour force.¹³ There are no data on the size of the informal economy but it is likely to be substantial. “As much as 94 per cent of the private sector has 4 or fewer workers. It is estimated that the number of persons employed in these micro enterprises account for 46 per cent of total private sector employment and firms with 5-19 workers another 19 per cent.”¹⁴ Only 42 per cent of the labour force is covered by the Jordanian social security system.¹⁵

6.4. Morocco

In Morocco, agriculture accounts for 14.5 per cent of GDP but employs 43.3 per cent of the workforce. People working in agriculture make up 57 per cent of the poor in Morocco. The paper describes the disabled and the agricultural population as “forgotten” by social protection. With regard to the informal economy, the paper says “Traditionally the informal economy is seen as having a certain number of key advantages. It allows for a certain flexibility with regard to assets and remuneration of labour because reward margins can [easily] be reduced, and family labour and apprentices, paid little or nothing, can be mobilized. The informal economy acts as a palliative for unemployment in an environment of crisis in which the state and the modern sector offer ever fewer possibilities of employment.”

6.5. Syria

For Syria, as for Jordan, there are no figures available on the informal economy but it is likely to be sizeable. The paper on Syria points out “the high degree of informality in Syria particularly in rural employment implies significant segments of the working population lack formal coverage. For instance, almost two out of three working females and one out of two working males in rural areas are unpaid or self-employed.” The Syria Decent Work Country Programme also refers to the informal economy as growing and expanding. Agriculture is an important and strategic sector, employing 19.2 per cent of the labour force and contributing 23.6 per cent of GDP. Key agricultural sectors, cereals and cotton, are subsidised.

6.6. Thailand

In Thailand, in 2007, agriculture employed 15.5 million people, 42 per cent of the total work force of 37 million. Yet in the same year, agriculture accounted for just 8 per cent of GDP. Overall the informal sector employed between 20 and 22.5 million of whom between 6 and 7 million were unpaid family workers.

¹³ CFB.

¹⁴ ILO Decent Work Country Programme; Hashemite Kingdom of Jordan; August 2006, p. 4.

¹⁵ Ibid, p. 3.

6.7. Viet Nam

The Framework for Promoting Decent Work in Viet Nam states “ The burgeoning informal economy and the micro-enterprise sector provide jobs and incomes but often at the expense of working conditions, wages, social security and the general quality of the work they create. Increasing numbers of workers (and enterprises) lie outside the strict purview of labour law and beyond the reach of labour administration and industrial relations actors and are unable to articulate their concerns and aspirations.”

Recent studies indicate that about 20 per cent of the whole economically active population in Viet Nam works in the informal sector. It is possible, the paper says, that the informal sector has created jobs for between 7–8 million workers. It is estimated that 70 per cent of the female workforce are employed in the informal sector. The paper also notes that the informal sector provides additional jobs and therefore income-generating opportunities to many people whose jobs do not generate enough income to support their families, e.g. teachers, service workers.

Moreover, in the rural areas, millions of farmers are able to earn extra income through informal activities. This is important because income from farming for millions in the rural areas is extremely low, as low as US\$1.30 a month. Around 90 per cent of all the poor in Viet Nam live in rural areas.

The paper observes that the informal sector “... will remain an important permanent sector in Viet Nam’s economic life and structure. Studies show that each year about one million young persons start looking for jobs, and at this stage there is no possibility for Viet Nam to create so many new jobs. The only solution will be the expansion of the informal sector in both urban and rural areas, and gradually improving its quality. In fact, regarding the urban areas, the dynamism and the possibilities that open up through informal economic activities give much hope to the urban poor.”

Earlier the paper states that “Bringing informal workers into the framework of social protection is essential for sustainability. The fact that more than a million Vietnamese are still working in the informal economy reflects a persistent and troublesome inability in existing formal mechanisms, protection and systems to adequately serve a sufficient number of workers and workplaces. To effectively extend social security into the informal economy, the focus of attention should initially be placed on priority areas, such as access to basic health care, family benefits or allowances that permit children to attend school, targeted cash transfer programmes and basic universal pensions for old age and invalidity.”

Table 5: Urban population as proportion of total population – percentage

	1975	2005	2015
India	21.3	28.7	32.0
Jordan	57.7	82.3	85.3
Morocco	37.8	58.7	65.0
Syria	45.1	50.6	53.4
Thailand	23.8	32.3	36.2
Viet Nam	18.8	26.4	31.6

Source: UNDP, HDR op.cit., Table 5.

This chapter highlights the weight of the informal sector in terms of employment and, within the informal sector, the relative importance of agriculture. The difference between the substantial proportion of the workforce occupied in agriculture and its relatively small contribution to GDP underlines the challenge in terms reducing poverty and extending social protection to the rural population which accounts for a significant proportion of the informal sector. Only in Syria, with its subsidised agriculture, is its contribution to GDP greater than the proportion of the workforce occupied in agriculture. In all countries the informal sector has an important urban dimension, correspondingly greater in the more urbanised countries such as Jordan, Morocco and Syria.

7. Social protection

7.1. Introduction

In all six countries social insurance is restricted to the formal sector of the economy, that is, to larger private sector companies and the government sector. Some systems are in place or are being introduced for more extended health care coverage. In general, there is considerable movement and innovation as governments seek to reform and extend their social security systems.

All the papers provide more or less detailed information and analysis on the coverage of existing systems and also look at reforms being introduced or currently under discussion.

7.2. India

7.2.1. Introduction

The main issues regarding social protection in India are:

- that social insurance is restricted to the formal sector, and even there it is incomplete and covers only 66 per cent of employees;
- that over 90 per cent of India's vast informal sector, rural and urban, are without social protection of any sort and have to rely on their own resources, extended family networks or money lenders to deal with crises;
- the programmes that are available in the informal sector are patchy and inconsistent and deliver very meagre benefits;
- the government has acknowledged the need to extend social security to the informal sector but there is real doubt whether this intention will be matched by the resources needed to make it a reality.

7.2.2. Provident Funds

Provident fund schemes provide social security for workers in factories and other establishments with 20 or more employees. They are financed by contributions from employers and employees. The number of establishments covered by provident fund schemes increased from 408,831 in 2004-05 to 471,678 in 2006-07, with the number of employees covered rising from 41 to 44 million. The number of employees covered in 2004-05 represented 66 per cent of the formal sector workers in the country but only 9 per cent of the entire workforce.

7.2.3. Contributory health insurance

Health insurance is organised under the Employees State Insurance (ESI) Act. Currently ESI applies to employees drawing wages up to Rs. 7,500 a month (approximately US\$150.00 at current exchange rates¹⁶) in factories using power in the manufacturing

¹⁶ Current exchange rate is approximately US\$1.00 = Rs.50.00.

process and employing 10 or more people. It applies to non-power-using factories and other establishments, such as shops and restaurants, employing 10 or more people. The scheme is administered by a corporate body, the Employees' State Insurance Corporation, with members representing employers, employees, central and state governments, the medical profession and Parliament.

The scheme is financed by contributions from employees (1.75 per cent of wages with zero contributions from those earning less than Rs. 50.00 per day) and employers (4.75 per cent of wages). Each state government bears 12.5 per cent of the total expenditure on care provided by the scheme within the state. The scheme also provides cash benefits for sickness, maternity, temporary disablement and other contingencies. In 2005-06 only 8.4 million employees (2 per cent of the total workforce) were covered and 10.69 million people insured by the scheme.

7.2.4. Other benefits

Gratuities equivalent to 15 days wages for every year of service, up to a maximum of Rs. 350,000 are payable to employees who leave their work after more than five years of service. If the employee dies or is permanently disabled, the condition of five years of service does not apply.

Maternity benefits are payable to women employees. Employment cannot be terminated during absence caused by pregnancy. The maximum period for which a woman can receive maternity benefit is 12 weeks – six weeks before and six weeks after delivery.

The Workmen's Compensation Act obliges employers to pay compensation to workers injured in the course of their work. Workers covered by the ESI are not eligible for this compensation.

7.2.5. Discussion

Only a small proportion of the total workforce is covered by formal contributory schemes. The paper points out that this number is shrinking because of the growing use of contracting systems by industries within the formal sector. The use of contract labour in the organised manufacturing sector grew from 7 per cent of total person days in 1984 to 21 per cent in 1998. This is not always driven solely by employers because workers in some industries have preferred to become self-employed or home-based despite the loss of protections provided in the formal sector. There is no discussion, however, of the quality of health care available under the different schemes nor of the transaction costs of accessing care, which might explain this preference for withdrawal from the formal labour force.

7.2.6. Non-contributory schemes

7.2.6.1. Social assistance

Social assistance schemes have been set up for those living below the poverty line (BPL). The schemes provide rather modest old-age pensions, maternity benefits, family benefit, disability pensions and widow's pensions. The amount of the old-age pension, until recently Rs.75 per month, went up to Rs.200 per month in 2006–07. An amount of Rs.10,000 is provided as a family benefit to households which lose the principal income-earning member in an accident or natural death. The amount of maternity benefit is Rs.500 per birth for up to two live births. The widow's pension is also Rs.75 per month per beneficiary. The amounts of benefit are, as the paper observes, paltry.

The number of beneficiaries is also small. The largest programme is the old age pension which assisted approximately 7 million people in 2005-06. The cause of this very reduced coverage is budget restrictions, which have led to state governments tightening eligibility criteria, lack of knowledge about the existence of the schemes and bureaucratic obstacles in accessing the benefits. In addition, the benefits are so meagre that poor people face high opportunity costs in terms of wages forgone while trying to obtain assistance.

7.2.6.2. Social insurance

In 2000, a “group-based social insurance scheme”, the Janashree Bhima Yojana (JBY), was introduced for persons in the 18-60 age group. The insurance cover provided is up to Rs.30,000 in case of natural death, Rs.75,000 in case of accidental death or permanent disability and Rs.37,500 in case of partial disability. An innovative feature of the schemes is that two school-going children of participants are provided with scholarships of Rs.100 per month to complete school education. A subsidy of 50 per cent is provided of the annual premium of Rs.200.

The number of participants has grown quickly from its launch in 2000 to over 6 million. There is also a high renewal rate of almost 70 per cent. Since this is a group-based scheme, it is largely microfinance groups promoted by NGOs and government which have accessed the scheme. While motivation and follow-up work by NGOs contributed to improved coverage, peer pressure in the group has also improved renewal rates. The scholarship scheme has also provided an important motive for renewal. The low and declining claim ratio (0.48 per cent in 2005-06) is attributed to the role of microfinance groups in assessing claims and the claims being submitted to a higher level of authority.

Although the scheme has enjoyed rapid growth the number of participants is small in comparison with the population that could benefit from the scheme. This is explained by low awareness of the scheme and restrictive criteria which limit participation to BPL households.

7.2.6.3 Health insurance

A group-based scheme, the Universal Health Insurance Scheme (UHS), was launched by the central Government in 2004. With this scheme, the government of India recognised for the first time the importance of mobilising contributions from the people themselves. The government provided a subsidy of Rs.100 for membership, which remains fixed whether an individual or a family of five or seven buys the insurance.

The benefits provided were as follows: in case of hospitalisation, the scheme provides medical expenses up to Rs.30,000 per household; if an earning member falls sick, it provides for the loss of livelihood at a rate of Rs.50 per day, for up to a maximum of 15 days; in case of death of the earning head of household due to personal accident, Rs.25,000 is to be given to the nominee.

The UHS was expected to cover 10 million individuals in its first year. However, its performance has been modest: in 2004, around 417,000 households (16 million individuals) were insured in all states and union territories; nearly 48 per cent of them were from rural areas. Only 11,408 persons belonged to the BPL category, which is roughly 1 per cent of the total persons covered. This suggests that it was mostly the non-BPL households which had been buying the policy, despite the subsidy being offered to BPL households.

In 2004–05, therefore, the Government revised the UHS to provide a larger subsidy to BPL households, and made this subsidy variable, depending on the household size of the insured, reducing further the effective contribution of participants. At the same time, the government restricted the scheme to BPL households only. This was a strange decision,

given that in previous years it was the non-BPL households that were subscribing in larger numbers, despite the fact that they were not eligible for the subsidy.

In reality the UHIS has been a less than universal scheme. With only one million participating members, it has extended coverage to only a very small proportion of the informal sector. Despite significant subsidies the participation of BPL households has been low. There has also been a severe regional imbalance in coverage: the states of Maharashtra, Gujarat, Tamil Nadu, Rajasthan and Uttar Pradesh provide a major share of total membership, while some of the smaller states, notably the North-eastern states, provide for near-zero coverage. And it has now been announced that the scheme has been closed.

7.2.7 Discussion

While the majority of formal sector workers participate in contributory social insurance schemes, over 90 per cent of workers in India's large informal sector have virtually no protection at all. The paper makes six points:

- Schemes intended to provide some assistance to unorganised workers are patchy, inconsistent and do not conform to any overall plan or vision.
- There is a multiplicity of schemes which have underperformed because their administrative costs are too high, the benefits they provide are too meagre and they have had negligible impact on their target populations.
- Government expenditure on social security has been insufficient: according to the ILO World Labour Report (2000), public expenditure on social security in India was 1.8 per cent of GDP compared to 4.7 per cent in Sri Lanka and 3.6 per cent in China. This deficiency can also be found in a number of India's states.
- In response to budget restrictions state governments' have cut social security programmes and tightened eligibility criteria to ensure that there are fewer beneficiaries. The example is given of old age pensions being restricted to the destitute and BPL which has resulted in the exclusion of large numbers of vulnerable older people.
- Most schemes have been confined to BPL households in the informal sector. This excludes large numbers of poor workers who do not fall into the BPL category. Studies show that poor unorganised workers who are above the poverty line experience multiple deprivations, demonstrating that the BPL criterion is a restrictive and inappropriate approach to extending social security to unorganised sector workers.
- Informal sector workers have no bargaining power because for the most part they are not members of trade unions or self-help groups. This means that they are unaware of social security schemes for which they might be eligible.

The Unorganised Sector Workers' Social Security Bill 2007 is a step in the right direction. It seeks to universalise social security benefits, but only for unorganised workers belonging to BPL households. This means that once more the vast majority of unorganised workers are left out. Affordability is an issue given that employers cannot be identified for about half the unorganised sector workers in the country.

The need for effective social security by the informal sector is illustrated by studies showing the type and frequency of crises faced by households in the sector. For example, 41 per cent of agricultural and construction workers had faced a crisis in the last three years, while this figure rises to 90 per cent for dalit agricultural labourers. Nearly half of the affected agricultural workers had to spend two and a half times their monthly income to deal with the crisis. Coping mechanisms include borrowing from money lenders and other family members.

7.3. Jordan

7.3.1. Social protection

The main issues regarding social protection in Jordan are that:

- Social insurance is restricted to the formal sector and covers only 42 per cent of the work force.
- Current pension arrangements are quite generous, allowing employees to retire on maximum pension after 30 years of service. In 2006, early retirees constituted 73.2 per cent of all old-age retirees, with an average retirement age of only 53 years.
- Insurance against unemployment is not covered by existing schemes. There is, not surprisingly, a high correlation between poverty and unemployment. Poverty rates in households headed by unemployed people, at 21.5 per cent are nearly twice the rate for households headed by someone in employment, 12.8 per cent.
- The current legislation on maternity benefits, which requires employers to pay the full costs of paid maternity leave, adds to the already low participation rate of women and affects particularly that cohort of women who are leaving higher education and seeking work for the first time.
- The abolition of food subsidies by the 1996 welfare reform has not been adequately replaced by means-tested benefits of the National Aid Fund.

7.3.2. Social security

There are currently three public social insurance institutions providing old-age, survivor and disability pensions as well as injury insurance for employees in the private and public sectors.

The Social Security Corporation (SSC), Civil Service Pension Scheme, and the Military Pension Scheme. In the mid 1990s, the government began the process to integrate all three schemes into a single social security system. This started with the civil service pension scheme which was closed to new entrants as of 1995, followed in 2003 by a similar step regarding new entrants into the military pension scheme. The SSC was then opened to all new civil and military entrants. The intention is to phase out the civil service and military pension schemes by around 2060 when the last contributor retires and dies.

The Jordanian Social Security Corporation (SSC) is compulsory for private sector establishments with over five workers. Self-employed individuals may participate in the scheme on a voluntary basis. "In 2006, there were 12,914 actively insured establishments with a total membership of 661,651 insured, representing slightly more than one-third of the overall labour force and one-fifth of the working age-population in Jordan."

Paid maternity leave is excluded from the social insurance system. Instead, the Jordanian labour code requires employers to bear all the costs of paid maternity leave. The high unemployment rate among women aged 20-24 (43.6 per cent in 2003) and the subsequent steep fall in rate for older age groups suggests that employers actively avoid employing women who they believe are likely to become pregnant.

Contributions

Insurance type	Employee	Employer	Combined
Old age, disability, and survivors	5.5	9	14.5
Work injury	0	2	2
Total	5.5	11	16.5

Source: SSC annual reports 2006.

Currently the SCC's income from contributions is comfortably in excess of benefits. However, according to the most recent actuarial valuation as of 2004, conducted by the Social Security Department of the ILO, expenditure will first exceed contribution income and total income by 2015 and 2027, respectively. To meet future obligations, accumulated assets will have to be liquidated starting in 2027 and this could continue until it is completely depleted by 2036. Moreover, the benefit bill expressed as a percentage of GDP is projected to gradually increase from 2.21 per cent in 2006 to 3.6 per cent in 2015, and then accelerate, reaching 6.2 per cent in 2030, and 13.4 per cent in 2060. The average uniform contribution rate required to actuarially balance the system in both insurance branches is estimated at 26.4 per cent as opposed to the current contribution rate of 16.5 per cent.¹⁷

7.3.3. Gender and social security

The paper notes that women are much less likely to be insured than men: "Although there seems no gender gap in coverage within the working males and females, only one out of ten working-age females are insured by the SSC compared with more than one out of five working-age males. That is mainly due to lower participation rates among females, but more generally the lack of universality in the insurance system discriminates against females."

7.3.4. Cost

The Jordan paper makes an estimate of the overall cost of the existing social security system. With the caveat that the figures provided are almost certainly an underestimate, the paper estimates that in 2005 total expenditure on health and social security benefits including contributory and non-contributory schemes was 8.34 per cent of GDP, of which the government's share was 5.46 per cent, while contributions to the system represented 3.97 per cent of GDP. In the same year, investment income was 18.68 per cent of GDP (clearly an exceptionally good year for the SSC); and 4.71 per cent came from government revenues. See Annex 1.

7.3.5. Health care

The coverage of health care is as follows (2004):

¹⁷ ILO. *Actuarial Valuation as at 31 December 2004 and Cost Estimation of Contemplated Reforms* (Unpublished work). Geneva, Social Security Department.

Uninsured	– 32.4 per cent
UNRWA	– 11.0 per cent (UNRWA caters exclusively to the Palestinian refugee population)
CHIP	– 19.5 per cent (Civil Health Insurance Programme)
RMS	– 27.0 per cent (Royal Military Services)
Private	– 8.8 per cent

It was estimated in 1999 that 67.6 per cent of the population was covered by health insurance.

The largest insurer is the Royal Military Services (RMS), which provides health insurance to active and retired military personnel, public security personnel, members of the royal court, telecom company staff, and their dependants. Members pay a very low premium between JD1-5 on a monthly basis and receive health care in Ministry of Health (MoH) and RMS facilities. The MoH administers the Civil Health Insurance Programme (CHIP), which covers civil servants and their dependants, individuals certified as poor, the disabled, and children below the age of six. The monthly premiums for civil servants are 3 per cent of the employee's gross salary deducted monthly with a limit of JD30. Some small co-payments are also applied. Other public schemes include the Jordan University Hospital insurance programme which covers university employees and their families, university students, and staff of some companies with special agreements with the University Hospital. The UNRWA also provides health insurance to registered Palestinian refugees. Private health insurance arrangements are administered either by private insurance companies or by self-insured firms and usually vary in terms of policy provisions.

Public expenditure on health care now accounts for just under half total spending on health (48.3 per cent in 2005), indicating the rising importance of private spending on health care. The private sector plays a significant and increasing role in the delivery of health care. In 2006, the private sector employed 60 per cent of all physician, 93.1 per cent of all pharmacists, and 82 per cent of all dentists. It also operates 58 hospitals that contain much of the country's high tech diagnostic capacity and attract significant numbers of foreign patients from nearby Arab nations.

In 2005 the World Health Organisation estimated that Total Health Expenditure was JD 878 million, 9.7 per cent of the GDP. The Jordanian government allocated significant resources to the health care, totalling JD424 million in 2005, 4.7 per cent of GDP and 9.4 per cent of general government expenditure.

Monthly contributions to CHIP are 3 per cent of salary but with a ceiling of 30 JD. As noted, contributions to RMS are very low, ranging from 1 to 5 JD a month. In other words, the funding mechanisms for the major providers of public health are regressive. All sectors of the population make significant out-of-pocket payments for outpatient health care, with poorest 20 per cent of the population paying on average 9 per cent of household income, a larger share of their income than any other income group.

7.3.6. Non contributory public social protection programmes in Jordan

Poverty alleviation interventions in Jordan are administered by the National Aid Fund (NAF). Founded in 1986 as an administratively and financially autonomous institution, NAF operates as the single state-funded social safety net for poor and vulnerable groups. Since it was set up, many reforms have been implemented to respond to challenges arising from socio-economic shocks.

The Jordan Poverty Alleviation Strategy targets the “poorest of the poor”, the “working poor” (both below the poverty line, representing 14.6 per cent of the population in 2002) and the “near poor” at high risk of falling below the poverty line (a further 2.1 per cent of the population). The number of beneficiaries and budget of the NAF have risen since 1997 mainly to compensate for welfare losses resulting from the elimination of food subsidies. Although the NFA budget has risen at a rate of 16 per cent a year it represents less than 1 per cent of GDP.

In 2006 93 per cent of National Aid Fund expenditure was in the form of Family Income Support cash payments to poor families. Despite nominally rigorous targeting, studies show that all income groups benefit from FIS payments and that less poor vulnerable households benefit more than the very poor. The targeting inefficiency of the NAF transfers seems to have resulted in a very modest impact on poverty alleviation, despite of their size and orientation. The poverty rate would have increased only by less than one percentage point without the NAF transfers.

The overall budget of the NAF peaked in 2002 at 0.77 per cent of the budget and has since been reduced to 0.58 per cent in 2006. Actual benefits paid out were a little less, at 0.7 per cent of GDP in 2002 and 0.52 per cent in 2006.

7.4. Morocco

7.4.1. Social protection

The main issue is the restricted coverage of existing social security. The CNSS, the private sector scheme, provides retirement benefits for only 24 per cent of the economically active urban population, and all the funds together provide pensions for about two million people, only 26 per cent of the whole economically active population.

The social security system currently comprises four separate national schemes, eight mutual societies and private schemes and one voluntary scheme run by employers. The two most important schemes are CNSS (Caisse Nationale de Sécurité Sociale) for the private sector and the CNOPS (Caisse Nationale des Organismes de Prévoyance Sociale) for the public sector. There are two smaller schemes, RCAR for local state employees and temporary workers and CMR (Caisse Marocaine de Retraite) which administers a number of non-contributory pension schemes for, among others, old resistance fighters, civil and military invalidity pensions and some other “special” payments which are being phased out.

7.4.2. Health

The health insurance system is currently undergoing reform alongside a more global reform of the health system itself. The health insurance scheme, AMO (Assurance Maladie Obligatoire) is being phased in over five years from 2006. AMO will cover costs arising from illness, accident, maternity and rehabilitation. AMO will provide health insurance for 1.6 million wage earners in the private sector who are not currently covered. Together with others already participating in civil service and private schemes and mutual societies, the new system will provide health insurance for over 5 million people. The number of beneficiaries will be much greater than the number of employees registered with the different schemes because family members are also covered.

Other benefits – for death in service, invalidity, old age pension, dependants, redundancy (under study), family allowances – remain the responsibility of the existing funds, such as the CNOPS (for the public sector) and the CNSS.

A further medical insurance scheme called “Inaya” with three contribution levels and corresponding levels of service was set up in 2007 for independent workers. Up to 3 million people will be covered by this scheme.

The reform and extension of the social security system is largely restricted to the formal, urban sector. Five point five million people, 52 per cent of the 9.9 million workforce, work in agriculture and typically have very low incomes. Urban wage and salary earners account for 43.2 per cent of the workforce. With a growing population of older people, it is likely that in future the active working age population and their employers will have to make higher contributions in order to maintain the solvency of the system. The Morocco paper also fears that this responsibility will fall by default to the state. A study by the CNSS suggests that it will fall into deficit by 2019 if contributions are held at their current level.

7.4.3. Safety nets

The RAMED (Régime d’Assistance Médicale aux Économiquement Démunis) was launched in February 2007. Its purpose is to remedy the injustice of unequal access to health care. Currently 56 per cent of the Moroccan hospital budget benefits the richest 30 per cent of the population while 7.4 per cent benefits the poorest 30 per cent. 67 per cent of the health services provided freely by the state benefit the richest 20 per cent of the population while only 5 per cent of the poorest 20 per cent of the population, that is, just 1 per cent of the total population of Morocco, have any access to health care.

RAMED is targeted at the poorest. In order to access services through RAMED, people have to pay a symbolic sum (10 dirhams) to receive an official “poverty card” (carte d’indigence). Nine million people, nearly a third of the population, will be covered by the RAMED system. This means that about half the population will have some sort of medical insurance, either through the contributory system or through RAMED.

With RAMED covering 9 million people, almost a third of the population; AMO covering 7.7 million (5 million in the private sector and 2.7 million in the public sector) million; and 350,000 covered by private insurance; around 50 per cent of the population will have some sort of medical cover from now on. This compares with pre-reform coverage of only 17 per cent of the population (2.5 million in the public sector; 1.6 million in the private sector; 350,000 covered by mutual and private schemes; together with a small number of people enjoying public health benefits)

The following table sets out the changes resulting from the reforms currently in progress:

The reforms	Entry into force	Coverage
AMO (Assurance Maladie Obligatoire)	1 st March 2006	1 million employees in the public sector – 2.7 million beneficiaries in total when eligible dependants (ayant-droits) are added. 1.8 million private sector employees – 5 million beneficiaries in total when eligible dependants are added.
Mutual and private schemes		350,000
INAYA (independent system)	Due to start in 2007 but has not yet been launched.	3 million (estimate)
RAMED (Régime d'Assistance Médicale aux Economiquement Démunis)	February 2007	9 million beneficiaries (estimate)
	TOTAL	20 million (estimate) – in other words a coverage of nearly 65% of the population

Those accessing health care through the RAMED system will not be able to access private health services which have the best equipment and provide the best services. The Morocco paper concludes that this will officially put in place a two tier medical system (médecine a deux vitesses).

7.4.4. Food subsidies

The budget for food subsidies rose by a factor of five between 2002 and 2008. According to a recent study 40 per cent of food subsidies benefit the richest 20 per cent of households whereas the poorest 20 per cent account for only 10 per cent. The cost of providing these subsidies rose by 19.1 per cent between 2004 and 2006 and they now account for 2.1 per cent of GDP. The government is proposing to reform the subsidy system in order to target benefits more accurately at the needy. This, however, will put pressure on labour costs and could jeopardise Morocco's export competitiveness.

7.4.5. Other programmes

Drought programmes play an important role in assisting rural people to cope with climatic shocks. However, the effectiveness of these programmes is debatable. Insurance against drought is now seen as a more effective instrument.

NGOs are playing a significant role in health and in micro-finance. They have been able to access significant resources. The total capital of the micro credit sector is over US\$76 million and there are more than a million active clients.

7.4.6. Comments

The paper states that effective social protection will depend on future strong economic growth needed to provide employment and ensure a good flow of contributions into insurance funds. It calls for the informal sector to be integrated in social security systems to strengthen funding and to reduce vulnerability. It points out that there is a very uneven level of service provision and that there is need for laws or regulations to harmonise the rights and obligations of contributors, beneficiaries and service providers. Pensions are, for the most part, very meagre : 73 per cent of retired people receive a pension that is less than the minimum wage (SMIG – salaire minimum interprofessionnel garanti).

There are two indicators of the enormous gap that has to be bridged. First, 75 per cent of Moroccan workers do not have access to existing pension systems and 85 per cent of men and women, are excluded from health insurance because, at the end of the day, AMO will provide benefits to only 30 per cent of the population. RAMED will have to make good this deficiency.

7.5. Syria

7.5.1. Introduction

The ILO, in consultation with national authorities, is currently working to formulate Syria's DWCP. The DWCP seeks to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. The proposed framework for Syria identifies "Contribute to poverty reduction through decent work" is the framework's development goal for the period of 2007 -2010. Social protection is one of its three priority areas.

The Common Country Assessment (CCA) of 2005 and the United Nations Development Assistance Framework (UNDAF) for 2007- 2011 stress the need for balance between economic growth and social protection and seeks to promote stronger social protection, including safety nets for the poor and the vulnerable, which are an important element of the proposed DWCP. Good governance (UNDAF outcome 2) and the delivery of basic social services (UNDAF outcome 3) will be also integrated throughout the proposed DWCP.

7.5.2. Social security

Social protection benefits are mainly provided through state organisations and the Institution of Social Insurance (ISI). The state runs multiple social programmes and provides several different consumer and producer price subsidies. In addition, the government provides universal health care access to the population. The United Nations Relief and Work Agency (UNRWA), UN's regional programme serving the resident Palestinian refugee population, runs social protection programme to eligible Palestinian refugees.

The social insurance system in Syria dates from 1959. The scheme is mandatory for private employees, civil servants and military personnel and voluntary for the self-employed. There is universal provision of health care. Both employees and employers make social insurance contributions. These are as follows:

old age, disability and survivors' pensions	employee 8 per cent	employer 14 per cent
work injury	employee 0	employer 3 per cent

Formal system retirement conditions are generous. A man or a woman can retire with maximum pension (75 per cent of last year average monthly earnings) after 300 months of contribution. See Annex 3 for a summary of ISI Pension Benefit Calculations and Provisions.

7.5.3 Gender and social security

The paper comments that "... almost two out of three working females and one out of two working males in rural areas are unpaid or self-employed (compared with one out of nine and one out of three, for urban working females and males, respectively). The gap in

coverage between male and female is expected to be much wider if we look at the working-age population as a whole. That is mainly due to lower participation rates among females, but more generally the lack of universality in the insurance system generally tends to discriminate against the female population.”

7.5.4. Health care and health insurance

Six different ministries (Health, Local Affairs, Higher Education, Defence, Interior and Social Affairs and Labour as well as a significant “others” category) are involved in the delivery of health care. The private sector also plays an important role alongside the public sector. Private health services charge fees and are paid for by users in the form of out-of-pocket expenses. In 2005, there were 373 private hospitals with an average of 20 beds per hospital, compared with 85 public hospitals with an average of 193 beds per hospital (Al-Khatib, 2006).

Total Health Expenditure (THE) in Syria increased modestly between 1996 and 2005 and was just enough to maintain the level of per capita expenditure at around 55-60 in US dollars. As a per cent of GDP, THE declined over the same period from 5.5 per cent in 1996 to only 4.2 per cent in 2005.

Currently about half of the cost of health care comes from household budgets as out-of-pocket expenditure. In the last household survey (2003/04) annual per capita expenditure on health was equivalent to 8.4 per cent of average income.

Syria plans to move towards a national health insurance system, starting with reforms in three provinces. Syria also wishes to raise Total Health Expenditure from \$55-60 (2005) to an average of \$100 per head per year for the whole country with a floor of \$75 per head per year for any one province. At the same time the government wishes to increase private investment in the health sector by a factor of three.

7.5.5. Non contributory public social protection programmes

Syria provides extensive welfare programmes to citizens free of charge or as heavily subsidised services, e.g. orphanages homes, centers for the handicapped, and rural community development centres. However, Syria still lacks a comprehensive and well-defined social programme that targets the poor and the vulnerable segments of the population. Syria’s social safety net systems consist mainly of the traditional family-based social protection networks and the system of price subsidies for consumers and producers.

7.5.6. Subsidies

7.5.6.1. Consumer Food subsidy

Syria maintains a subsidy on the price of flour and a rationed subsidy on rice and sugar. In 2003 these subsidies represented 2.52 per cent of GDP. While these subsidies are believed to have been effective in ensuring that poverty in Syria is low and shallow, they are poorly targeted, vulnerable to international price fluctuations and an increasing drain on the national budget. The Syria paper comments: “The inefficiency and fiscal unsustainability of price subsidies underscore the need for establishing a comprehensive formal social protection programme that is well-targeted, efficient, and ensures sought poverty alleviations targets.”

7.5.6.2. Petroleum Price subsidy

The fiscal impact of the subsidy on petroleum products, mainly diesel fuel, is even more dramatic. The rationale for subsidising diesel fuel is that it is mainly used by the poor and/or used for electricity generation or mass transit. Initially the subsidy on diesel oil was paid for with a tax on gasoline, mainly used by private vehicles. However, as the international price of both gasoline and diesel has increased, the cost of subsidising diesel has rocketed while, by 2006, the revenue from the tax on gasoline had almost vanished altogether. The consequence is that the subsidy on diesel in 2006 was over 14 per cent of GDP. The across-the-board subsidy was very inefficient: it was an incentive to smuggling; it was subject to significant fluctuations of international oil prices; it acted as a perverse incentive to consumers to substitute diesel for petrol; and, since the subsidy was not targeted at the poor, all income groups could benefit, and the rich disproportionately so. According to World Bank estimates, the richest 10 per cent of the population benefits 25 times more than the poorest 10 per cent, while the poorest half of the population captures less than 20 per cent of the benefits.

7.5.6.3. Producer subsidies

Syria's major crops, wheat and cotton, are both subsidised. Self-sufficiency for cereals and protection of the textile industry are the economic and strategic justifications for these subsidies. There is additionally a social protection rationale: 38 per cent of the poor are farmers for whom the cultivation of wheat provides both income and nutrition. The government agency, the GECPT (General Establishment for Cereals Processing and Trade) purchases around 70 per cent of farmers' crops at above-market prices. In 2000, the wheat producer subsidy was 1.1 per cent of GDP.

Cotton is the second most important crop in Syria, employing 2.7 million farmers and their dependants (about 15 per cent of the population), and it is closely related to the development of the textile industry, which accounts for about 20 per cent of production and employment in the industrial sector (IMF, 2006b). The state Cotton Marketing Organization (CMO) is the sole permitted buyer and ginner of seed cotton and also the only exporter of cotton fibre. The CMO purchases cotton from producers at an administered price set by the ministry of agriculture. The price premium is high, 105 per cent and 95.33 per cent for the years 2004 and 2005, respectively. The corresponding subsidy was equivalent to 1.3 per cent and 1.1 per cent of GDP for those years.

7.6. Thailand

7.6.1. Introduction

Thailand is now in the second year of its tenth development plan (2007-2011). The first seven plans concentrated on economic growth and the development of infrastructure. The eighth and ninth plans (1997-2006), focused on balanced human, social, economic development and the environment, as well as economic restructuring and opening opportunities for people's participation.

Social protection was first promoted as a central component of Thailand's development strategy in the ninth plan (2002-2006). There were five elements:

1. human development;
2. employment promotion;
3. social protection improvement;

-
4. drug control and safety of people and their property;
 5. promotion of institutional participation in development.

By the end of the ninth plan, there has been progress on economic and social development, with more capital accumulation, improved health status and quality of life, higher per-capita income, reduced poverty incidence, and low unemployment. With regard to decent work, the paper says, universal healthcare coverage has been implemented, together with job creation and greater access to social services by disadvantaged groups. The ninth plan failed to reach its education target, however, of increasing the proportion of the labour force with lower secondary education achievement to 50 per cent of the workforce.

The tenth plan (2007-2011) focuses far more on the knowledge economy, sustainable development, governance and participation. It aims, however, to reduce the poverty head count from its 9.6 per cent 2006 level to 4 per cent of the population by 2011.

7.6.2. Social security

There are five contributory social security schemes in Thailand; non-contributory retirement and health insurance for government employees; a non-contributory health insurance for employees of state enterprises; the Universal Healthcare (UC) for people who have no other health insurance; and, finally, a number of small social assistance programmes.

7.6.3. Workmen's Compensation Fund (WCF)

WCF covers industrial injury and work-related illness and provides sickness, disability and death benefits. It is financed solely by employers with contributions ranging from 0.2 to 1.0 per cent of insured earnings (2.0 per cent before the 1997/98 financial crisis) but employers with a good record receive a no-claims bonus of up to 80 per cent. Contributions are boosted by accrued interest. Coverage has gradually been extended and now includes all enterprises from one employee upwards. Currently 8 million workers in over 300,000 companies are insured with WCF.

7.6.4. Social Security Fund (SSF)

The SSF insures employees in non-agricultural enterprises. The SSF provides the following benefits: sickness (non-work related); maternity; invalidity; death and survivors' benefits; child allowances; unemployment insurance; and old age benefits. Members of the scheme who become unemployed can maintain their membership provided they continue to pay both their own contributions and employer contributions. The self-employed can also join the scheme but benefits are restricted to maternity, invalidity and death and they have to pay both their own and employer contributions. There are currently 8.8 million employees registered with the SSF and 400,000 self-employed.

The SSF is financed by employee, employer and government contributions, but the government makes no contribution for pensions. The SSF is currently a very large fund because old age pensions and child allowances were both introduced in 1998. The SSF will not have to begin to pay out for pensions for another 10 years.

7.6.5. Provident funds

The Provident Fund system was set up before 1984 in order to encourage saving. They are voluntary contribution schemes set up on a company by company basis. Fund management

companies are selected by and report to a joint employee/employer committee. The whole system is monitored by the Securities and Exchange Commission.

Employees in government, state enterprises and private companies can be members together with family members. The employee contribution can be between 2 and 15 per cent of salary, which must be matched by the employer – this has made some employers reluctant to agree to increases in employee contributions. Employee contributions are free of tax up to a ceiling of 300,000 baht a year. Investment income is also tax free. The benefit consists of a lump sum comprising his/her contribution, employer's contribution and investment income when he/she retires (at the age of 55 or more) or when his/her employment is terminated.

In 2007, 8,187 employers and nearly 2 million employees were members of 513 provident funds which together had a net asset value of 442 billion bath.

7.6.6. Government Pension Fund (GPF)

The Government Pension Fund was set up in 1987, originally on a voluntary basis similar to that of the provident funds. However, in 1996 membership of the fund was made compulsory for all staff employed by government after March 1996. The contribution rate used to be 3 per cent for both employee and government but in 2008 the rules were amended to allow employees to contribute up to 12 per cent of salary. The government contribution remains at 3 per cent.

By 2003, the GPF had 1.16 million members – 96 per cent of government employees. Early retirement reduced membership by 50,000 in 2004, with a large number of 20-49 year old employees leaving government service. Nearly 65 per cent of the remaining members are over 40.

7.6.7. Private School Teachers Welfare Fund (PSTWF)

The PSTWF was set up in 1975 as a welfare measure for teachers in the private sector who were generally less well paid and had worse conditions of service than their counterparts in the public school system. The system was amended by the Private School Act of 2008. The new act determines that the staff of private schools are not covered by the Labour Protection Act or any other labour relation laws, but it guarantees that the remuneration of private school staff cannot be lower than the minimum guaranteed in the Labour Protection Act.

Teachers can contribute a maximum of 3 per cent of salary, which has to be matched by the private school employer. The government (Ministry of Education) contributes twice the teacher's contribution. Account II is used for sickness, death, invalidity or other benefits determined by the board.

Contributions are divided into two streams or accounts. Account I, the member's contribution and Account II the contributions of the employer and the Ministry of Education. Interest accrual from Account II is used for sickness, death, invalidity and other benefits determined by the board. Members of the PSTWF will receive a lump sum of their contribution in Account I and interest accrual when they resign. They will also receive a lump sum of the private school's and the ministry's contributions provided that they have worked for 10 years at the private school.

The paper comments that up to 2006 the PSTWF was invested very conservatively by being deposited with the domestic commercial banks and has therefore not grown as much as it should have done. In addition the government has paid in less than it should have done, that is, 6 per cent of teachers' salaries. The paper does not expect the new law to

bring improved benefits for private school teachers or better performance from the PSTWF itself.

7.6.8. Government Non-Contributory Social Protection Scheme

Government officials and state-enterprise employees are the two categories of employee who receive non-contributory social protection from the government. Government officials or civil servants receive medical care, pension, child allowance, death and disability benefits. The same benefits for employees of state enterprises are provided from company revenue, with the exception of pensions for which they are dependent on the provident fund system.

Since 1901 a pension or lump-sum payment, financed from general tax revenue, has been considered a reward for long service in government. On retirement government officials can choose between receiving a lump sum payment or a pension if:

- they reach the retirement age of 60;
- they have been employed for at least 25 years, or
- they want to terminate their employment at the age of 50.

A special pension is available for government officials forced to retire owing to work-related illness or injury. In the event of death in service, the pension is transferable to the employee's children or relatives.

The pension is determined as follows:

- Pension = years of employment x last salary endorsed

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- Lump sum = years of employment x last salary endorsed

Before March 1996, the amount of lump sum payment and pension was based on the retiree's last salary endorsed, not the actual salary received. This inflated pension payments because many retirees got a favoured salary hike just before the month of their retirement. In addition, there is no cap on pension payments. As a consequence government expenditure on the pension payments grew by about 20 per cent annually from 6.6 billion baht in 1990 to 19.7 billion baht in 1996.

In view of this, the pension system for government officials was reformed in March 1996. Government officials who start their official employment after March 1996 must be the members of the GPF. Those who were employed before March 1996 may also choose to be the members of the GPF. Being a member of the GPF affects the formula for pension and lump-sum calculation and the maximum pension retirees can receive. The salary base used to calculate pensions and lump-sum payments changed from "last salary endorsed" to "average salary in the last 60 months before retirement". The cap of pension payment is 70 per cent of average salary in the last 60 months before retirement. However, even after the 1996 reform, expenditure on government pensions still grew by 25 per cent in 1997 and 24 per cent in 2000.

In 2007 retirees in receipt of government pensions (333,143) and those who took a lump sum payment (9,277) in that year, accounted for 20 per cent of serving government officials (1,702,292). This proportion is expected to grow as the number of people in

government employment has been frozen and more than 60 per cent of government officials are older than 40 years of age.

7.6.9. Non-contributory health care – the Civil Serviced Medical Benefit Scheme (CSMBS)

The CSMBS provides medical benefits to government officials and their dependants and is the first and most generous scheme in Thailand. Benefits include in-patient and out-patient treatment without the limit provided that treatment is provided by a public hospital. In some case, treatment can be provided by private hospitals.

The scheme covers about 4 million people, but cost 15.5 billion baht in 1997, about 1.80 per cent of total government expenditure. Expenditure increased to 20.5 billion baht in 2002, about 2.14 per cent of government expenditure. In 2007, the expenditure grew by 26 per cent to reach 37 billion baht. The government has tried hard to limit this expenditure but is finding it difficult. In 2003, the per-capita medical expenditure of CSMBS scheme was 5,700 baht. This increased to 9,100 baht in 2007.

7.6.10. Non-contributory health care – Universal Health Care Coverage (UC)

UC was launched in 2001. It is the non-contributory social protection scheme for non-employees financed from general tax revenue and providing free healthcare to people who are not covered by other social protection schemes. The scheme used to be call “30 baht healthcare scheme” as it charged 30 baht for a hospital visit.

The UC package ranges from outpatient treatment to in-patient treatment, maternal care, child delivery, necessary dental care including acrylic denture, preventive care, and emergency care. Insured persons must visit public hospitals in their designated areas. If a specialist is required, patients are referred to a higher level of hospital at no extra treatment charge.

The UC scheme spends far less per-capita than the CSMBS. In 2007, per-capita support from government was 1,899 baht – 645 baht for outpatient care and 514 baht for in-patient care. The capitation cost also includes other hospital services such as prevention and promotion, high cost care, capital replacement and emergency services. In 2007, total government expenditure on UC was 91.4 billion baht. The UC expenditure is transferred from government budget to the National Health Service Office which is the purchaser of the health care.

7.6.11. Social Assistance

The first social assistance programmes in Thailand date from 1941, one year after the establishment of the Department of Public Welfare. The target groups of the programmes were homeless, beggars and victims of natural disaster and terrorism. The target groups have since been extended to include children, disadvantaged women, older people, disabled people, families and minorities.

The Department of Public Welfare was initially part of the Ministry of the Interior; in 1994, it was reallocated to the Ministry of Labour and Social Welfare; in 2002, a new ministry, the Ministry of Social Development and Human Security, was set up to take care of the social assistance programmes.

Social assistance programmes focus on counselling, training, in-kind assistance, and emergency accommodation. Cash benefits are provided only to disabled people, poor

older people, people who are HIV positive and children whose parents are HIV positive. The cash assistance programmes are not universal: recipients are selected by provincial administrators and the Tambon Administration Organization. Monetary assistance is limited because the Ministry of Social Development and Human Security's budget is small – only 8.6 billion baht in 2007. Other target groups receive in-kind benefits.

The number of beneficiaries under the social assistance programmes in Thailand is mainly determined by the fixed budget. Cash benefits are only provided to those who are severely disabled, old or HIV-positive. Other target groups receive in-kind benefits. One of the drawbacks of the social assistance programs is that the rules for eligibility requirement are not specified clearly and the number of beneficiaries is mainly determined by the budget available.

The administration of many of the social assistance programmes appears to be highly decentralized with a lot of responsibility being placed on local administrations through the Tambon Administration Organisation and other organisations. The paper observes that "Information on the programs provided by various organizations are not well documented and some programs are implemented only on a temporary basis. Social assistance programme expenditures are also not well documented."

The Thai government's approach to poverty is to support economic activity through grants or credit, and through education and capacity building. In urban areas emphasis is placed on slum clearance and new housing.

7.7. Viet Nam

7.7.1. Social Protection

7.7.1.1. Compulsory social insurance

The compulsory social insurance scheme, started in October 1995, covers all establishments in the public and private sectors employing more than ten workers. Social security coverage has now been extended to all registered private enterprises. The funding of the Social Insurance Programme relies on contributions by employers (15 per cent of the payroll) and employees (5 per cent of his/her salary). The programme includes a variety of schemes making provision, for example, for retirement pensions, employment-related accidents and industrial diseases, sickness benefits, maternity benefits, and survivors' benefits. Participation in the compulsory pension scheme has grown steadily over the years, albeit from a low base. By the end of 2007, 6.97 million people were covered by compulsory social insurance, representing a total social insurance premium of VND 23,573 billion (USD 1.46 billion). Contributors to Viet Nam's Social Insurance represent 63 per cent of the population obliged to contribute to social insurance; 2.1 million persons are beneficiaries of social insurance, and total expenditure is VND 10,780 billion (USD 0.67 billion).

Viet Nam's compulsory social insurance covers only the formal and the state sectors and consequently covers only 25 per cent of the labour force of 44 million. Only 15 per cent of non-contributory enterprises (7,000 out of 49,000) contribute to social insurance for nearly half of their workers. The remaining workers are not covered by the insurance system. The reason given by the employers for this situation is unstable business conditions. The reasons given by employees are their unawareness and lack of information about their rights at work, and their need to be employed and earning a living.

A new Social Insurance Act was passed in June 2006 to supplement and reinforce existing legislation. The Act includes provisions on compulsory social insurance, voluntary social

insurance and unemployment insurance. Compulsory social insurance covers the following contingencies: sickness, maternity, occupational accidents and diseases, pensions, and survivorship.

7.7.1.2. Voluntary social insurance

A voluntary social insurance scheme was started in January 2008. It has enormous potential, given that 33 million workers are not covered by compulsory insurance but take up has been low, probably because contributions are very high, amounting to 20 per cent of wages, shared between employer and employee.

7.7.1.3. Unemployment insurance

A new scheme will start in January 2009 and will provide an unemployment benefit, a vocational training allowance, and job search support.

7.7.2. Health insurance

7.7.2.1. Compulsory Health Insurance

Currently compulsory health insurance is restricted to the formal sector, but has also been extended gradually to beneficiaries of social assistance, the poor, dependants of army and public security officers and ex-servicemen. Initially only enterprises with 10 or more employees were required to join but this threshold was abolished in 2005. Health care is provided at public health facilities and by private units which have contracts with the health insurance agency. A wide range of treatment is provided up to and including high-tech services such as magnetic resonance imagery and open heart surgery.

The contribution rates are:

- 2 per cent of salary paid by employer and 1 per cent by employee;
- 3 per cent of the pension of a retired person paid by the social insurance authority;
- the state buys health insurance (HI) cards at the rate of 3 per cent of the minimum wage and delivers them to veterans and other special groups;
- a basic rate of HI contribution for the poor is defined by the Prime Minister and adjusted every year to ensure balance between contributions and payments for health services;
- there is 20 per cent co-payment for all members except social priority groups and pensioners.

These relatively low contribution rates and the role played by the state in health insurance mean that the state contributes nearly half of the total revenue of the compulsory health insurance system - 48.64 per cent in 2006

7.7.2.1. Voluntary Health Insurance

Voluntary health insurance is open to all apart from those already covered by compulsory health insurance. There are, however, serious problems: high levels of premium, a lack of trust in the scheme, the attitudes of health care staff, complexity of administrative procedures and risks of moral hazard and adverse selection. The number of voluntary HI participants reached 1.6 million in the first four months of 2008, greater than the number for the whole of 2007. The system is now in deficit due to the low health insurance fees

[charged to patients]; to the fact that most voluntary HI participants were sick (adverse selection); and the fact that insurance covered expensive treatments.

7.7.2.2. Free health card for children and the poor

In 2002, Viet Nam introduced the Free Health Card for the Poor (HCFP) scheme, as part of the Hunger Eradication and Poverty Reduction (HEPR) programme. Under this scheme, the poor are given a fully subsidised health insurance card that covers a comprehensive package of services. The Health Care Fund for the Poor is financed from the state budget, ensuring a minimum of 75 per cent of the fund's total value; the remainder is funded by local budgets and contributions from national and international organizations. Subsequently, in 2007, the near poor have been encouraged to participate with a subsidy of half the insurance premium.

The problems apparent with this scheme are that the targeting mechanism is complicated and some poor people, such as migrants, are not entitled to free health care cards. Only 20 per cent of eligible households have so far been granted a free health card and there are strong variations between provinces. It also appears that the quality of health care provided to free health cardholders is sometimes inadequate.

7.7.2.3. Discussion

Health insurance in Vietnam faces a number of problems:

- low coverage;
- most contributors are sponsored by the state to participate in compulsory health insurance;
- workers in the non-public sector have not been encouraged sufficiently to contribute to compulsory health insurance;
- the sustainability of the financing of the health insurance must be in doubt in the medium to long term;
- the quality of health provision remains low, especially in remote and mountainous areas;
- the legal framework for health insurance is weak;
- contribution rates are low;
- instability and inadequate monitoring of HO-finance health care results in abuses of health insurance. This one of the causes of the scheme's deficit.

Health insurance coverage reached 30 per cent of the population in 2005 and will be extended to 60 per cent of the population by 2010.

7.7.3. **Non contributory schemes**

Non contributory social protection in Vietnam includes special aids, social assistance, poverty reduction programmes, micro-insurance and micro-credit.

7.7.3.1. Special aids (social support)

The special aid system provides for support to deserving people. Between 1996 and 2005 over 8 million persons were entitled to privileged policies and 1.5 million people received

monthly subsidies. The problems with special aids are uncertainty about eligibility; complicated procedures; and weak and problematic monitoring.

7.7.3.2. Social assistance

Social assistance in Vietnam is growing. Before 2000 the only groups covered were older people, the seriously disabled and abandoned children. It has now been extended to people over 90 years of age; poor HIV positive people, families with two or more disabled members; adopters of orphans and abandoned children. By 2005 the number of beneficiaries had reached 416,000, but this is still low in comparison with needs. The paper recognises low coverage, limited impact and limited financial resources available.

This chapter has summarized the extent and quality of the coverage of existing social security systems in each of the six countries. It is clear that coverage is restricted to the formal sector and, within the formal sector, is incomplete in terms of the categories of employees who are covered, in terms of the contingencies which are covered and in terms of the quality of the benefits to which the insured are entitled. In each country the systems provide a patchwork of different schemes introduced at different times for different categories of employee.

Old age and disability pensions: in Jordan, Morocco and Syria old age pensions are funded solely by employees and employers, whereas in Thailand the state makes an important contribution to pension funds. The long-term solvency of old age pension schemes is threatened in some cases (Jordan and Morocco) by contributions at their present rate not keeping pace with future pension obligations. Moreover, solvency of contributory schemes will be at risk if governments are not successful in reducing rates of unemployment generally, but especially in introducing reforms in education and labour institutions in order to facilitate the integration of the expected large numbers of new entrants into good quality employment. The unpalatable alternatives would be to introduce a level of government subsidy into contributions (which would further bias social security in favour of relatively well-off formal sector employees) or to raise contributions to high (and unacceptable) levels.

Both India and Viet Nam call for the inclusion in social insurance schemes of people working outside the formal sector.

Health: formal sector employees are for the most part covered by employee- and employer-financed insurance schemes for injury and sickness. The quality of coverage varies from scheme to scheme. Syria and Thailand have universal government-funded health systems. Where coverage has been extended to non-insured persons, as in Thailand and Morocco, treatment regimes are inferior in quality to those available to people covered by insurance. In Jordan and Syria out-of-pocket expenditure for health, made by poor as well as richer citizens, accounts for a substantial proportion of total health expenditure, 39 per cent and 50 per cent respectively. The health insurance system in Viet Nam is heavily subsidised by the government but is not designed as a universal health care system and this threatens its long term financial sustainability.

In all countries social assistance schemes are seen as patchy and poorly targeted, reaching only a fraction of those who would be potentially eligible. Their outreach is determined more by the budget available than consistent objectives.

8. The global social floor – an opportunity for basic social protection for all

8.1. Introduction

The preceding chapters have summarised the concerns set out in the six country papers and provided in more or less detail an overview of social protection in each country. While social protection has been extended in each country, their systems of social security provision are far from complete. The social security schemes currently in place have been developed and extended in an incremental and piecemeal fashion with the result that their coverage is uneven in terms of the categories of people and employees who are insured, the contingencies and risks which are covered and the quality of service and benefits to which scheme participants are entitled.

At the same time many people, especially those working in the informal sector, women, and the unemployed, lack social protection of any sort beyond the solidarity of family networks. Where informal sector workers are able to access health services, they are markedly inferior in quality to those available to participants in contributory insurance schemes. While each country has multiple social assistance programmes which are intended to act as safety nets for the very poor, they are on the whole costly, wasteful and badly targeted.

Governments in each of the six countries are aware of the problems and inconsistencies of the systems that are in place; they are dissatisfied with the most wasteful and inefficient aspects of current systems and are keen to make further changes; and they all acknowledge the reality of the informal sector and the urgent need to work with the reality of the sector to provide a basic level of social security to all their citizens.

8.2. The Global Social Floor

As set out by the ILO, the Global Social Floor consists of the following four elements:

1. Universal guarantee of access to basic health benefits.
2. Guaranteed income security for all children through family/child benefits aimed to facilitate access to basic social services: education, health, housing.
3. Guaranteed access to basic means tested/self targeting social assistance for the poor and unemployed in active age groups.
4. Guaranteed income security for people in old age, invalidity and survivors through basic pensions.

The case for the Global Social Floor is made on the basis that social security provision as described above realises the basic rights to social security, that it is effective in reducing poverty, delivers tangible social and economic benefits to the countries implementing it, and is affordable. Implementing the Global Social Floor will not create disincentives to work but will supplement and reinforce the poor in their efforts to provide for their own families and to participate productively in their countries' economies. Old age pensions have particular multiplier effects in that they are often invested in the nutrition and schooling of grandchildren, support older people in meeting the costs of caring for children in high HIV prevalence countries, assist those of job seeking age in looking for work, have

multiplier effects in local economies and relieve some of the costs of households which include older family members..

8.3. Flexibility

The Global Social Floor is a flexible policy instrument because it does not impose a fixed prescription on each country. It includes all four components but these can be put in place over time. Examples of flexibility are as follows:

- the range and quality of basic health service can be determined by each country. For example, Syria's 10th five-year development plan seeks to increase the number of hospital beds to 18 per 10,000 inhabitants in every district;
- different categories or ages of children can determine child allowances. To avoid a child allowance being treated as a reward for greater fertility, it could be limited to the first two or three children;
- means-tested/self targeting assistance for the poor in active age groups can also be designed in accordance with the circumstances of each country. The Indian proposal for 100 days guaranteed employment for each rural household at the minimum wage is a good example of self-targeting assistance;
- pension thresholds can vary from the very old, over 80, say, to a younger age. Pensions for the disabled can vary with the severity of the disability. The actual amount of the monthly pension can be fixed at a certain level. It can, for example, be fixed as a fraction of the minimum wage, but it is essential that it be a reliable and regular source of income for its recipients.

As income rises, thresholds, categories and levels of service can also rise. Two of the six countries in this study, Syria and Thailand, already provide a universal health service, while Morocco is moving in that direction. Universal education is not a component of the Global Social Floor but clearly is a fundamental building block for development and growth. The component about which there is least consensus is that of guaranteed income.

8.4. The “modern” economy and the informal sector

All six countries recognise that if they are to grow and prosper that they will have to invest in their labour force. They will, however, also have to pay attention to the gap that will open up between the men and women incorporated into the “modern” (for want of a better word) sector of the economy and those who, for whatever reason, find themselves unable to gain a foothold in this world. The reasons are familiar: lack of education, ill health, distance from urban centres, age, disability, old age, gender and, sometimes, ethnicity.

All six countries acknowledge the reality of the informal sector and that they need to move to provide social protection for people in the informal sector. This will require political will, innovation and imagination but it is not impossible. They have asked the ILO for help to make this a reality. Social statistics show that all six countries are moving in a positive direction – economies are growing, poverty rates are coming down, literacy is improving. Progress, however, is slow and millions of citizens still find themselves excluded from the benefits of economic growth and lack social security. They and those who depend on them are condemned to a precarious and poor existence and many more will find themselves in this position in years to come. As a preparatory paper on India pointed out, “The decline in the incidence of absolute poverty has not kept pace with that of the acceleration in growth. Economic reforms have contributed more to the growth of

added value in the formal sector than employment creation. In terms of numbers, growth of overall employment, which decelerated in the 80s/90s, has been reversed during the last few years.”

8.5. Bridging the gap – the Global Social Floor

Moving to bridge the gap between those who are included in the modern, formal sector of the economy, with their old-age pensions and health insurance, and those who are outside it, in the informal economy, is or should be, for governments and all politicians a question of prudence, good governance and the promotion of human rights. A global social floor providing basic social protection for citizens in all countries has been proposed as a powerful policy instrument that can bridge this gap – and be an effective instrument, moreover, that is more efficient in raising living standards than traditional targeted welfare and development programmes with their high transaction costs and patchy record of reaching the poorest.

8.6. Social security as a human right

First of all, a basic income is a fundamental human right. The right to social security and an adequate standard of living is enshrined in the Universal Declaration of Human Rights, now 60 years old, and is reflected in subsequent international conventions and treaties. The guarantee of a basic minimum income for the old, for families with children and for the disabled will provide a measure of security for the people who are most likely to be destitute in any society and also, in the case of children, help to safeguard their nutrition and health in their most vulnerable years.

The rights argument can be seen by economists and planners as a distraction because it does not address issues of affordability. Affordability of a social policy is however a political issue. The rights argument should not be dismissed or overlooked because it is rights, or their denial, that determine in large part the quality of people’s lives and also mobilise and inspire people, including politicians, rather than calculations of marginal economic advantage and cost. We should not forget that if rights are taken as a starting point rather than a distant aspiration, they can be factored in to planning. The social security systems of South Africa and of Brazil rest on the inclusion of the right to social security into the constitution, and are thus factored into national budgets and development plans. If this is not done, then inevitably the cost of making rights a reality will inevitably be seen as an expensive and probably unaffordable luxury.

8.7. The impacts of social pensions and child allowances

The rights argument should be buttressed with practical and empirical arguments that support the economic and social case for a social floor. The concept paper for these studies points out that well-designed social transfers are needed to achieve a fair distribution of the proceeds of globalisation, and hence, generate greater acceptance of global processes of economic and social change; and to help to maintain the social peace and global security which are prerequisites for stable long-term economic growth, hence creating the material basis for enhanced welfare for all.

8.7.1. Impact on nutrition, health and education

Numerous studies have shown that cash transfers in the form of old age pensions and child allowances have beneficial multiplier effects and spread out from the individual receiving them to the wider family. In sub-Saharan Africa old age pensions are used for the welfare,

education and nutrition of family members as well as recipients, besides conferring dignity and status on older people who might otherwise be marginalized from family and social life. In Namibia, for example, pensioners spend 14 per cent of the unconditional cash transfer they receive on health care for themselves but, in many cases, their pensions also cover health-spending for the entire household.¹⁸ In terms of impact upon education, interviews with a grade 12 class found that the participation of 14 out of 16 learners was solely due to their grandparents receiving pension.¹⁹

The overall impact of cash grants on poverty levels is enormous. In South Africa, incomes of the poorest 5 per cent have been doubled and the poverty gap has been reduced by 50 per cent. Girls living in households that receive pensions are 3-4 cm taller.²⁰ The child support grant (CSG) is directly linked with an increase school attendance by 20-25 per cent;²¹ in poor households school-age boys are 3 percent more likely to attend school full time if the household receives a pension benefit while girls who live in pensioner households are 7 percent more likely to be enrolled full time in school than are their peers who live in households without a pension.²² Studies undertaken by the ILO have demonstrated the substantial welfare gains that could be achieved in sub-Saharan countries at relatively modest cost. "In Senegal, for instance, universal child benefits to school age children would reduce the poverty gap of the total population from 4.5 to 2.7 per cent of the food poverty line, a reduction of 37.5 per cent. In Tanzania the overall poverty gap would be reduced by more than half, that is, from 5.7 per cent to 2.8 per cent."²³ One of the essential benefits of an old age pension and child allowances is that they are regular guaranteed payments that allow families to plan expenditure.

8.7.2. Economic impacts

Data from South Africa and Brazil also show that there is no indication that social transfers in the form of a social pension or child allowance create welfare dependency. On the contrary, the unemployed, female and to a lesser extent male, in households in receipt of transfers, are more likely actively to seek work than counterparts in households without cash transfers.²⁴ Likewise, in Brazil, women who are recipients of Bolsa Familia conditional cash grants are more likely to go out to seek work than counterparts who do

¹⁸ Devereux S., *Social pensions in Namibia and South Africa*, IDS Working Paper 379, Brighton, Institute of Development Studies, 2001.

¹⁹ Ibid.

²⁰ A Barrientos et al., *Non-contributory pensions and poverty prevention: A comparative study of Brazil and South Africa*, London and Manchester, HelpAge International and IPDM, 2003.

²¹ Martin J Williams; *The Social and Economic Impacts of South Africa's Child Support Grant*; (Thesis – Williams College, Massachusetts, May 2007); http://www.williams.edu/Economics/Honors/2007/Williams_thesis.pdf

²² Dr Michael Samson et al.; *Summary Report – The Social and Economic Impact of South Africa's Social Security System*; Directorate of Finance and Economics, Department of Social Development; September 2004.

²³ Gassmann, Franziska & Behrendt, Christina; *Cash Benefits in Low Income Countries: Simulating the effects on poverty reduction for Senegal and Tanzania*; ILO-Issues in Social Protection, Discussion Paper 15; Aug. 2006. p.35.

²⁴ Dr. Michael Samson et al. ; op. cit.

not receive grants.²⁵ The modest level of support provided by a child allowance, for example, will enable a head of household to take the risk of spending money on a bus fare from a township to the city centre in his or her search for work. Those who do not have this cash injection into the family budget may not take this risk and may stay at home because a bus fare represents one or two days' basic food for the family.

There are no data on India's plan to guarantee to rural households 100 days employment paid at the minimum wage level because it has yet to be put into effect. In the Indian context this promises to be an important step towards establishing a social floor for some of the very poorest citizens.

Cash based social protection also stimulates demand for local goods and services. For example it is recorded that in Namibia, "the wheels of the local economy begin to turn on pension day" and, in the absence of the pension, in some rural areas up to half of the shops would close.²⁶ Across the country the benefit system has contributed to the growth of marketing infrastructure and trade.²⁷ Poor people in receipt of cash grants are more likely to buy local goods and support national producers. In the pilot programme in Kalomo in Zambia, which provided the poorest 10 per cent of local people with a modest cash grant, 70 per cent of the cash received was spent on local produce.²⁸ Participants in Zambia's cash pilot scheme also used a significant proportion of the benefits to hire labour, for example in order to cultivate the land around their homes and consequently multiply the value of the social transfers while creating employment for local youth.²⁹ In Sierra Leone the government stated that economic impact of the pilot safety net scheme targeted at the older poor is that "local business people realise more sales during payment periods and there is a marked improvement in the local economies"³⁰ In Lesotho, a 93 year old man reported that he used his pension to set up a small catering business to provide lunches for the local primary school, employing three others.³¹ In South Africa, pensions have enabled increased access of families to credit and capital equipment.³²

In Mexico's Progresa (now Oportunidades) social transfer programme, there are broad local economy impacts which improve consumption, asset accumulation and employment within communities for both programme participants and non-participants.³³ Participants in

²⁵ Veras Soares, Fábio et al. *Evaluating the Impact of Brazil's Bolsa Família: Cash Transfer Programmes in Comparative Perspective*, UNDP International Poverty Centre, IPC Evaluation Note Number 1, December.

²⁶ Devereux, S. *Social pensions in Namibia and South Africa*, IDS Working Paper 379. op. cit.

²⁷ Devereux S, *Future uncertain: social pensions in Southern Africa*; ID21 Insights, Issue 42. See also IDS Discussion Paper 379.

²⁸ Kalomo evaluation 2007.

²⁹ Dr Bernd Schubert; *Social Cash Transfers – Reaching the Poorest*; GTZ, 2005. p 23.

³⁰ Government of Sierra Leone presentation to Dakar regional expert meeting by Mr Foday Contay.

³¹ Regional Hunger and Vulnerability Project – RHVP; *Why are social transfers so popular?* http://www.wahenga.net/uploads/documents/advocacy_briefs/Brief%209.pdf.

³² Samson (2008:7) – Ageways.

³³ Armando Barrientos and Rachel Sabates-Wheeler; *Local Economy Effects of Social Transfers*, IDS Briefing Note, Dec. 2006,

Progresa also invest a portion of their social transfers in productive assets and are more likely to engage in entrepreneurial activities, improving their potential for sustainable self-sufficiency.³⁴ Participants in one of Malawi's social transfer programmes were enabled by the resources to invest in their own small farms during the planting season rather than rely on uncertain casual employment for their immediate survival.³⁵

To sum up, social transfers have positive impacts on education, nutrition, health and livelihoods. In addition the multiplier effects can feed through into the local economy, generating livelihoods and income beyond the immediate beneficiaries. They also contribute to social cohesion by fostering inclusion of people who might otherwise find themselves marginalized from mainstream society. Where social transfers have been introduced, they have proved to be enormously popular with recipients and the wider society. Of course, governments which introduce social transfers in the form of pensions, disability and child allowances must take care that they keep pace with inflation and economic growth. People would soon cease to value a system that delivered benefits which became insignificant in absolute terms and in relation to their relative value when the system was first launched.

8.8. Costs and Affordability

There are opportunity costs for any government expenditure and it is important to take these into account. However, the cost of providing pensions and child allowances is lower than one might think. The ILO study mentioned above calculated that in Senegal a basic old age and disability pension of 70 per cent of the value of the food poverty line would cost the equivalent of 1.2 per cent of GDP in 2006 values. A child benefit for children of school age would be 2.1 per cent of GDP. For Tanzania the equivalent figures are 1.1 per cent of GDP for the old age pension and 2.1 per cent of GDP for the child allowance.³⁶

Four out of the six countries studied here have provided data on the current cost of various forms of social protection and other relevant information:

- In Jordan the poverty gap (the deficit of per-capita consumption from poverty line) was found to have declined from 5.3 per cent in 1997 to 3.3 per cent in 2002). The study suggested that, at this level, (and assuming perfect and costless targeting) expenditure of JD 66.96 million (0.97 per cent of GDP) would be required to lift all poor Jordanians above the poverty line.
- The Jordanian government currently allocates 4.7 percent of GDP and 9.4 percent of the general government expenditure to health care, generally biased in favour of the non-poor.

www.ids.ac.uk/UserFiles/File/poverty_team/social_protection/localeconomyeffectsofsocialtransfers_briefingnote.pdf

³⁴ Paul Gertler, Sebastian Martinez, Marta Rubio-Codina; *Investing Cash Transfers to Raise Long-Term Living Standards*, World Bank. Washington D.C., 2005

³⁵ Harnett, P. and Cromwell, E. (2000) *Malawi Starter Pack Scheme 1999–2000 Follow-up study of flexi-vouchers: 'As good as money'*: Final Report.

³⁶ Franziska Gassman & Christina Behrendt, *Cash benefits in low-income countries: simulating the effects on poverty reduction for Senegal and Tanzania*. ILO – Issues in Social Protection, Discussion Paper 15; August 2006. p.20.

- In Morocco, in 2006, subsidies for food and oil products accounted for 2.1 per cent of GDP. The government is seeking to replace subsidies with payments that are better targeted at the genuinely needy.
- In Syria, the cost of untargeted, generalized consumer subsidies on food in 2006 was estimated at 2.27 per cent of GDP. This was the size of the budgetary transfer from government needed to sustain the subsidy. It was even higher in previous years.
- In Syria, the cost of the subsidy for diesel fuel was over 14 per cent of GDP in 2006. There has not been a positive balance for the government from high tax on gasoline/subsidy on diesel ratio since 1999. Furthermore richer sectors of the population gained far more from this subsidy than the poor whom it was intended to benefit.
- In Thailand all government expenditure in 2003-2007 was 17.5 per cent of GDP, low in comparison with most OECD countries and many developing countries.
- A very rough calculation for Thailand for 2007 shows that in 2007 the combined cost of monthly pensions and the lump sums paid to retiring government officials together with the cost of its non-contributory pension and health care schemes for government officials was over 3.0 per cent of GDP.

This section has provided a very small selection of the data illustrating the impacts of cash transfers on a wide range of social and economic objectives. Of course, universal payments in the form of old age pensions, disability pensions and child allowances cannot be introduced without significant investment in reliable national registration systems for births and deaths which will allow the authorities to determine eligibility. Such systems are desirable in their own right and they may already be at least partially in place in the six countries under discussion.

Disbursement of benefits is another issue. Governments will need systems to deliver payments securely and efficiently. In South Africa the private sector provides an efficient and technologically advanced system which matches thumbprints against personal identity cards together with mobile automated cash dispensers to provide a secure service which minimises the possibility of fraud.

8.9. Conclusion

Examples in the previous section and in Chapter 7 show that governments are already spending a significant share of GDP on social assistance schemes which skew benefits in favour of the non-poor or even the well-off. Both the Syrian and Moroccan governments have recognised the need to reform their costly and wasteful subsidy systems. In Jordan the complexity of targeting social assistance has led to most of the benefits being captured by less poor groups. This official dissatisfaction with existing programmes provides an opportunity for the staged introduction of social security systems, which, by guaranteeing a very basic income to all, have been shown to have much wider societal benefits.

It is important to note that the six countries are not among the poorest countries in the world and that they have in recent years enjoyed moderate to excellent rates of economic growth. They have already made or are making many key social sector investments and are budgeting for the necessary recurrent expenditures, especially in health, which is a key component of the global social floor. The incremental cost of social grants (old age pensions, disability and child allowances) may be relatively small, especially if they were accompanied by the reform or elimination of some of the more wasteful and costly schemes now in place.

All six countries wish to move in the direction of greater inclusion and enhanced social and economic welfare for their citizens, especially for those who currently are excluded from mainstream economic life. With the exception of Thailand, working within a UN Development Assistance Partnership, all the countries have signed or are working on Decent Work agreements with the ILO and have UN Development Assistance Programmes in place. The papers themselves have noted both the challenges which lie ahead and the shortcomings of some of the systems in place. The time therefore is ripe for a serious consideration of putting a social floor in place, adapted to the needs and the means of each of the six countries.

This chapter summarises the case for the introduction of a social floor. It addresses the particular issue of income security and the transfers needed to secure it. The need for universal access to basic health care, despite deep inequalities in current systems of health care, is less controversial. The chapter notes that:

1. Governments accept the reality of the informal sector; wish to extend social security to people working within the informal sector; and are dissatisfied with the most wasteful and inefficient aspects of their current social security systems.
2. The component parts that make up the Social Floor are flexible and can be adapted to the reality of each country. They can also be introduced in stages.
3. Social security is a human right and should be integrated at the beginning of planning.
4. Examples of different social floor components now operating in other countries deliver proven nutritional, health, educational and economic benefits. They do not create welfare dependency. The social floor is a foundation for building more inclusive, cohesive and less conflict-prone societies.
5. Social assistance programmes already in place pursue similar objectives but are wasteful and badly targeted. Social floor components are affordable.

Annex 1

Jordan Social Budget, Million Jordanian Dinar (JD) & as a percentage of GDP, 2002-2006

	Million JD					Percentage of GDP				
	2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
EXPENDITURE										
1. Contributory Benefits	148.40	165.11	183.34	215.98	243.19	2.18	2.28	2.27	2.40	2.42
1.1. Pension Benefits	119.29	139.84	158.39	181.76	204.72	1.76	1.93	1.96	2.02	2.04
1.1.1. SSC	119.29	139.84	158.39	181.76	204.72	1.76	1.93	1.96	2.02	2.04
1.1.2. CPS	--	--	--	--	--	--	--	--	--	--
1.1.3. MPS	--	--	--	--	--	--	--	--	--	--
1.2. Lump Sum and Short-Term Benefit	12.85	13.83	12.78	18.08	17.89	0.19	0.19	0.16	0.20	0.18
1.3. Administrative and Other Expenses	16.26	11.45	12.17	16.14	20.58	0.24	0.16	0.15	0.18	0.20
2. Health	352.31	366.13	421.92	475.72	--	5.19	5.06	5.22	5.28	--
2.1 Government	318.00	329.00	381.00	424.00	--	4.68	4.55	4.71	4.70	--
2.2. CHIP	34.31	37.13	40.92	51.72	50.14	0.51	0.51	0.51	0.57	0.50
2.3. UNRWA	--	--	--	--	--	--	--	--	--	--
3. None-contributory social assistance	43.46	55.85	60.79	59.68	57.66	0.64	0.77	0.75	0.66	0.57
3.1. Government- NAF	43.46	55.85	60.79	59.68	57.66	0.64	0.77	0.75	0.66	0.57
3.2. Donor	--	--	--	--	--	--	--	--	--	--
Total current social expenditure	544.18	587.09	666.04	751.38	--	8.01	8.12	8.24	8.34	--
4. Change in reserves	130.80	285.52	601.01	1,777.24	-597.54	1.93	3.95	7.44	19.72	-5.95
4.1.SSC	130.80	285.52	601.01	1,777.24	-597.54	1.93	3.95	7.44	19.72	-5.95
INCOME										
1. Contributions	259.44	269.14	298.68	357.78	418.49	3.82	3.72	3.70	3.97	4.16
1.1. SSC	221.42	231.71	259.31	309.56	368.85	3.26	3.21	3.21	3.43	3.67
1.2. CPS	--	--	--	--	--	--	--	--	--	--
1.3. MPS	--	--	--	--	--	--	--	--	--	--
1.4. CHIP	38.02	37.43	39.38	48.22	49.63	0.56	0.52	0.49	0.53	0.49
2. Investment income	57.78	218.92	525.04	1,683.66	-723.21	0.85	3.03	6.50	18.68	-7.20
2.1. SSC	57.78	218.92	525.04	1,683.66	-723.21	0.85	3.03	6.50	18.68	-7.20
3. Income from donors	40.00	38.00	56.00	63.00	0.00	0.59	0.53	0.69	0.70	0.00
4. Income from general revenues	317.76	346.55	387.33	424.19	304.72	4.68	4.79	4.79	4.71	3.03

Source: own compilation from various sources.

Note: no data available on the CPS, MPS, UNRWA, and 2006 government health expenditure, therefore, overall public expenditure is assumed to be higher than the above aggregates.

Annex 2

Jordan: The SSC Pension Benefit Calculations and Provisions:

Pension	Basic formula	Eligibility	Other provisions	Minimum pension	Maximum pension
Old-age	2.5% x average monthly insurable wage x years of service	<ul style="list-style-type: none"> - Age 60 (male), 55 (female) - 180 month of coverage 	New pensions as of 1996 entitled for 10 % increase in the pension value (minimum JD30 and maximum JD50)	JD 50 a moth	95 % of average wage (including dependent supplements)
Disability	50 % of average monthly wage on which contributions were paid in the last 36 months	<ul style="list-style-type: none"> - Total or partial incapacity - 60 months of contribution 	<ul style="list-style-type: none"> - 0.5 % (1%) increase for each year of contribution with a minimum of 60 (120) months of contributions - New pensions as of 1996 entitled for 10 % increase in the pension value (minimum JD30 and maximum JD50) 	JD 50 a moth	None
Survivor	<ul style="list-style-type: none"> - 50% average monthly wage of the last year of contributions - if deceased was a pensioner: 100% of pension value 	<ul style="list-style-type: none"> - 24 months of contributions 	<ul style="list-style-type: none"> - 0.5 % (1%) increase for each year of contribution with a minimum of 60 (120) months of contributions - Funeral grant: JD500 - New pensions as of 1996 entitled for 10 % increase in the pension value (minimum JD30 and maximum JD50) 	JD 50 a moth	None

Source: SSPTW: Asia and the Pacific, 2006

Annex 3

Syria: ISI Pension Benefit Calculations and Provisions

Pension	Basic formula	Eligibility	Other provisions	Minimum pension	Maximum pension
Old-age	25% last year average monthly earnings x years of contribution	<ul style="list-style-type: none"> – Age 60 (male), 55 (female) – Age 55 (male), 50 (female) with 240 months of contribution – Physically demanding and dangerous work: at any age with 180 month of contributions – At any age with 300 months of contributions 	<ul style="list-style-type: none"> – A lump sum is paid equal to 1 month's pension for every complete covered year beyond 30 years of coverage, up to a maximum of 5 month's pension – not eligible persons age 60 (male), 55 (female) gets a lump sum equal to 11-15% of total covered earnings 	Legal minimum wage	SL 3,450 or 75% of last year average monthly earnings if less
Disability	(40% + 2% x years of covered employment) x last year average monthly earnings	<ul style="list-style-type: none"> – Loss of 80% of working capacity – disability began during employment or within 6 months after leaving employment – disability is not only due to occupational injury – contributions made throughout the last 12 months or 24 months of contribution including the last 3 months 	<ul style="list-style-type: none"> – For voluntary insurance, the assessed degree of disability must exceed 35% and might be due to an occupation injury. The benefit is equal to 50% of the insured's insurable earnings in the last year. The benefit is increased by an additional 50% if the insured is totally disabled due to work injury 	Legal minimum wage – temporary disability: SL343 a month, plus SL25 for each dependent	80% of last year average monthly earnings
Survivor	<ul style="list-style-type: none"> – Survivor gets 37.5% of deceased disability pension, – first orphan gets 25 % (37.5% for full orphan), second orphan gets 12.5% – each dependent parent gets 12.5% 	<ul style="list-style-type: none"> – death was not resulted from work injury – contributions requirement as of disability pension or was a pensioner at time of death – eligible survivors: unemployed widow, disabled widower, orphans less than 21 (24 if disabled), and dependent parents 	<ul style="list-style-type: none"> – Funeral grant: a lump sum of 1 month's earning is paid with a minimum of SL100 – For voluntary insurance, a lump sum of 100% of deceased's earnings in the last year is paid. The lump sum is increased by an additional 50% if the insured's death was due to work accident 		Total pension is equal to 75% of the deceased's disability pension

Source: SSPTW: Asia and the Pacific, 2006.

Annex 4

Thailand: Outline of Current Social Protection Schemes

Work status	Government employee	State-enterprise employee	Private employee in non-agr	Private school teacher	Other workers (self-employed, agr employee)
Sickness and maternity	General tax revenue**	State enterprise revenue **	WCF and SSF + contribution from government*	PSTWF + contribution from government*	UC** (from general tax revenue)
Death and survivor					No
Disability					No
Child allowance					
Unemployment	not relevant	not relevant	SSF*	No	No
Pension: defined benefit	General tax revenue**	No	SSF*	No	No
Pension: defined contribution	GPF + contribution from government*	Provident fund*	Provident fund*	PSTWF*	No

GPF = Government Pension Fund. WCF = Workmen's Compensation Fund. SSF = Social Security Fund. PSTWF = Private School Teacher Welfare Fund. UC = Universal Healthcare Coverage.

*Contributory scheme. **Non-contributory scheme.

Annex 5

Public and private health expenditure as per cent of GDP - 2004

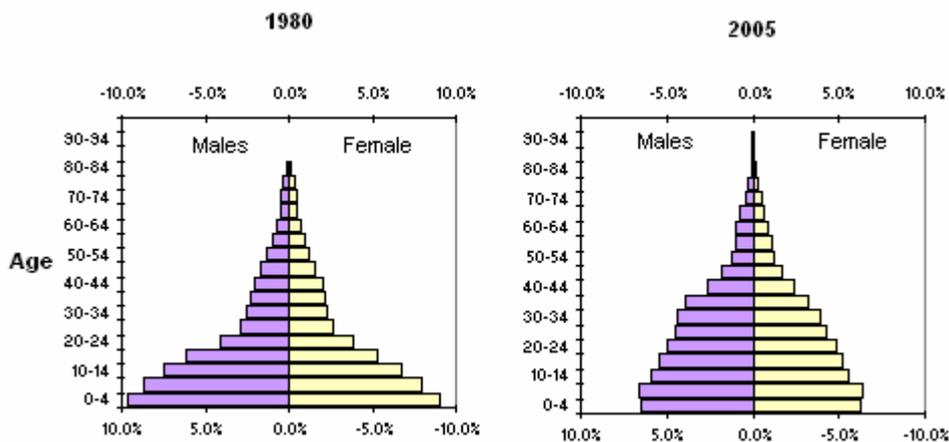
Public, private health expenditure as % of GDP - 2004		
	Public	Private
Jordan	4.7	5.1
India	0.9	4.1
Morocco	1.7	3.4
Syria	2.2	2.5
Thailand	2.3	1.2
Viet Nam	1.5	4.0

Source HDR 2007/08.

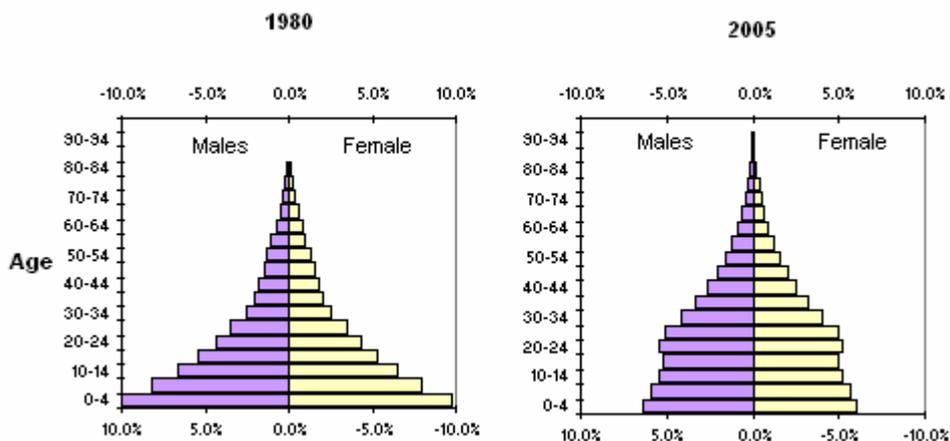
Annex 6

Population pyramids – Jordan, Syria, Thailand

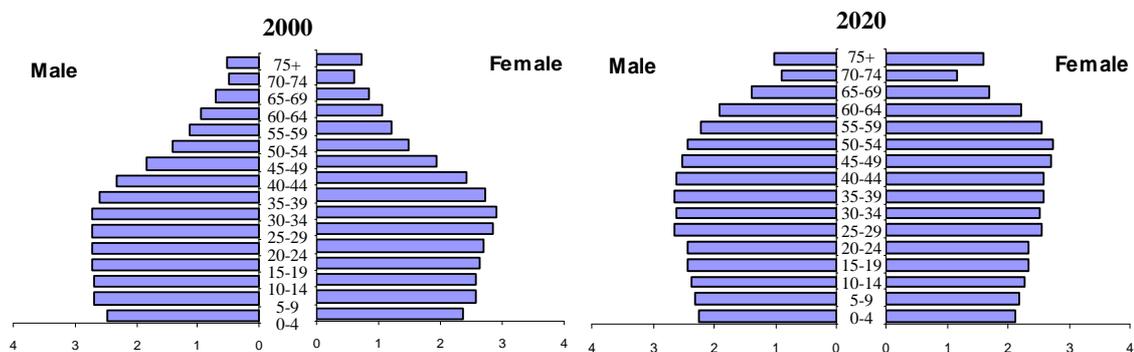
Jordan: Population pyramid 1980 and 2005



Syria: Population pyramid 1980 and 2005



Thailand: Population pyramid 2000 and 2020



Annex 7

Child labour

1. India

The preparatory paper on India gives the following statistics on child labour:

- approximately 13.6 million and 11.2 million (1981 and 1991 census, out of a total of 210m children aged 5 – 14 years) of which 9.08m classified as main and 2.2m as marginal workers;
- about 90 per cent of working children in are in rural area;
- an estimated 2 million work in hazardous industries;
- 3.15 per cent of 5–14 year olds are working;
- 7.05 per cent of 5-17 year olds are working, broken down into 52.57 per cent boys and 47.43 per cent girls.

Priority 3 of the Decent Work Country Programme – India (2007-2012) is “Unacceptable forms of work progressively eliminated” to this end ILO will provide

- i) technical support to GOI and State Governments for mainstreaming models for the elimination of child labour;
- ii) technical assistance to Government of India on National Child labour Survey.

2. Jordan

The issue of child labour is not mentioned in the paper on Jordan. Jordan’s Decent Work Country Programme (August 2006), however, contains commitments to eliminate the worst forms of child labour in collaboration with the ILO which has undertaken to “ ... continue the implementation of this programme through capacity building of its national counterparts ...” leading to the implementation of a time-bound programme on the elimination of child labour by the end of 2008.

Jordan has ratified Conventions Nos. 138 and 182 of the ILO.

3. Morocco

In Morocco, the combating of child labour (*lutte contre le travail des enfants*) is one of the priorities under the government’s action area of “Work and the social protection of workers”.

Under the programme “TRA de Maroc” between January 2005 and June 2006 the government of Morocco, with support of ILO, carried out a survey (evaluation) on child labour. Child labour is also one of the areas covered by the agreement on social policy between Morocco and the European Union.

4. Syria

The issue of child labour is not mentioned in the paper on Syria. However, child labour is addressed in the Decent Work Country Programme 2008-2010 (February 2008) which

states that “as a result to the poverty and the quality of education which is leading children to early dropout, the phenomenon of child labour is growing in Syria,” with studies indicating an overall estimate of 6.6 per cent for 6 -17 year-olds. The Syria Internal Migration Survey of 2000 revealed that 18 per cent for 10-17 year-old work and that two thirds of the working children live in rural areas.

The Decent Work Country Programme contains the following commitment on the part of ILO: “The ILO in collaboration with UNICEF will provide technical support to the Government and social partners to define and implement programme interventions towards the systematic abolition of worst forms of child labour in line with the Convention 182. The programme will contribute to the progressive elimination of child labour, in particular its worst forms in Syria, focusing on the prevention, withdrawal, rehabilitation and provision of alternatives for working children. The programme will focus on building the capacity of MOLSA (Ministry of Labour and Social Affairs) and social partners to effectively deal with child labour; establish knowledge base and monitoring system; contribute to the implementation of compulsory education; and eliminate the worst forms of child labour through the development of integrated programme in selected areas.”

Syria has ratified Conventions Nos.138 and 182 of the ILO.

5. Thailand

Thailand has ratified the two of the five the fundamental ILO convention relating to child labour (C. 138 and C. 182). The document recognises that law enforcement on child labour and minimum wage issues are considered weak (but have significantly improved) and that there are child labourers working in the underground economy. It states that the Decent Work Country Programme will be an important step to move closer to international labour standards as there is still room for improving law enforcement and policy implementation.

6. Viet Nam

Under the heading of *Vulnerable Groups*, the document *Promoting Decent Work in Viet Nam – A National Cooperation Framework between the Socialist Republic of Viet Nam and the International Labour Office for the Period 2006-2010* states “While Viet Nam has already put into place a number of laws, policies and action plans designed to prevent and eliminate child labour, gaps still exist between law and practice and there are recent indications that the increasing incidence of rural-urban migration and the emergence of an informal economy could lead to a greater vulnerability of children to trafficking and to labour exploitation. While policy and legislation are already being put into place, advocacy and direct support will also be necessary to circumvent this problem at its outset. The ILO’s tripartite constituency could play a crucial role in both the prevention and elimination of child labour in all its forms.”

The document sets the following objective, “A National Plan of Action is implemented with a view to the prevention and elimination of trafficking and of the worst forms of child labour.” The priority area of action is “The formulation and implementation of the National Plan of Action on the Prevention and Elimination of the Worst Forms of Child Labour through support to legislation, research, training, advocacy, and direct intervention.”