

Hanoi, 29/3/2010

Summary report
Strategy on social protection and master plan on social protection for rural population
for period 2011-2020

(Paper for the periodical meeting of Government, March 2010)

To: Members of the Government

In reference to the conclusions N.32/KL-TW dated 20/11/2008 and N. 46/KL-TW dated 21/4/2009 of Political Bureau for deployment of resolutions developed by Central Party, Ministry of Labour, Invalids and Social Affairs has taken the lead in cooperation with other concerning agencies in preparing the Strategy on social protection for period 2011-2020, and Master Plan on social protection system for rural population for period 2011-2020. Ministry of Labour, Invalids and Social Affairs herein to report to the Government as follows:

I. Preparation process for development of the strategy and Master plan

Implementing the Resolution N 24/2008/NQ-CP dated 28/10/2008 of the Government on working out the Action Plan of the Government for implementation of the Resolution of the 7th Central Party on agriculture, farmers and rural areas, the directive of the Prime Minister referred in the Paper N.8954/VPCP-TH dated 31/12/2008 of the Government Office, Molisa has taken the lead in cooperation with other concerning agencies in preparing the Strategy on social protection for period 2011-2020, and Master Plan on social protection system for rural population for period 2011-2020

For the formulation process, Molisa has conducted various consultation workshop to collect comments from national and international advisors. Comments in written are also received from various ministries and localities. The draft versions have also been commented by Standing Deputy Prime Minister Nguyen Sinh Hung at the meeting held in 12/11/2009 for improvement and finalization of the strategy and master plan for submission to the Government for consideration.

II. Summary of contents of the strategy and master plan

1. Strategy on social protection for period 2011-2020

1.1. Concept: cover 5 main guidelines: (1) Development of social protection system based on the people's rights for security and to be in line with the country's socio economic development conditions; (2) toward universe, ensuring the minimum subsistence level; (3) Attentions to be given to vulnerable groups; (4) Expansion of participation of enterprises, people and society; (5) be in line with international practice .

1.2. Target groups : Applicable for all citizens, priority given to the poor, people living in remote areas, mountainous areas, ethnic minority people, habitants in rural areas, workers in the informal sector, unemployed workers, disabled people, children, old aged people, long-last sick people, and those who are effected by natural disaster and other risks

1.3. Objectives: Expanding the coverage of social protection system step by step, so that by 2020, all citizens will have access to and benefits from social protection policies, ensuring the minimum subsistence level for all citizen, contributing to the sustainable poverty reduction and socio-political stabilization.

1.4. Specific target :

- Providing vocational training for one point eight million of people each year (including one million of rural labour); 30% of total number of workers who go to work overseas and 20% of people who obtain the loan from National Target Program on Employment promotion belong to the vulnerable groups

- By 2020, 55% of labour force will be covered by compulsory and voluntary social insurance. of which 14 millions of labour participating to unemployment insurance; making held insurance universal (cover the whole population); social assistance delivered to 2.2% of population; reduction of percentage of poor households by less than 10% (by new poverty line); people in remote areas, mountainous areas and ethnic minority areas have access to basis social services

1.5. Solutions (1) Supporting people in employment, increasing income and participation to labour market; (2) Improving the capacity of people in participating to social insurance; (3) Promotion of effective solutions to develop health insurance to be universal; (4) social assistance; (5) sustainable poverty reduction; (6) Promoting access to social service; (7) improving the efficiency of state management over social protection; (8) improving the public awareness on participation of social protection; (9) mobilization of participation of social partners; (10) international cooperation in social protection; (11) Improving monitoring, evaluation of strategy implementation

1.6. Resource for implementation: for period 2004-2008: 225 thousand of billions dong (113 thousand of billions dong from state budget, accounting for 50.2%). According to the draft strategy. for period 2011-2015: 680 thousand of billions dong (281 thousand of billions dong from state budget, accounting for 41.4%); for period 2016-2020: 1258 thousand of billions dong (392 thousand of billions dong from state budget, accounting for 31.2%);

2. Master Plan on social protection system for rural population for period 2011-2020

2.1. Target groups : (1) poor households , near poor households, ethnic minority households, households which are engaged in agriculture, forestry, fishery and salt production with income level is lower than the medium income level. (2) Habitants of communes with extreme disadvantages that are the targeted by the decision N. 30/2007/QĐ-TTg.

2.2. Solutions :

a) *Continuing to implementing the current social protection policies (with amendment and supplement)*

- Expanding the implementation of policy on preferential credit as referred in the Resolution 30a/NQ-CP to 4.190 communes with extreme disadvantages in accordance to Decision N.30/2007/QĐ-TTg

- Ưu tiên thực hiện Chương trình Mục tiêu Quốc gia về Việc làm giai đoạn 2011-2015 và 2016-2020 cho khu vực nông thôn;

- Priority is given to implementation of the National Target Program on Employment promotion for period of 2011-2015 and period 2016-2020 in rural areas

- Implementing the Master Plan on vocational training for rural labour by 2020 in accordance with the Decision N. 1956/2009/QĐ-TTg. Vocational training services shall be inclined to the needs of enterprises, supporting rural workers in employment shift and training for high technical level workers for rural industrialization and modernization, ensuring food security

Expanding the implementation of policy on preferential credit as referred in the Decision 71/2009/QĐ-TTg to be applied for poor households, ethnic minority households in 4.190 communes with extreme disadvantages in accordance to Decision N.30/2007/QĐ-TTg

- Expanding the implementation of policy on preferential credit as referred in the Decision 78/2002/QĐ-TTg to be applied to farmer households with income level lower than the medium level

- Enhancing the propaganda and public awareness, inspection and monitoring for better implementation of policy on social insurance

- Advocacy and awareness raising so that 40% of population that is not covered by health insurance yet to participate health insurance in accordance to the law: improving the ability and

accessibility of people living in disadvantaged areas to health care services

- Increasing the cash support for traveling cost and allowance with level of 180.000 dong per month per pupil of poor households in disadvantaged communes, poor ethnic minority households.

b) Proposed new policies, programs :

- Piloting policy on supporting farmers with low income (below the medium level) to participate voluntary social insurance

- Organization of program on temporary employment for poor and near poor workers who are unemployed or underemployed

- Renovation of contents of poverty reduction program for period 2011-2015 and 2016-2020 (focus is put on the projects in areas of high poverty incidences, policy on poverty reduction in association with employment generation, integration of resources for poverty reduction)

- Piloting the formulation of village development fund, village based fund for prevention and coping with risks

2.3. Resource for implementation: for period 2004-2008: 71.4 thousand of billions dong (55.6 thousand of billions dong from state budget, accounting for 50.2%). According to the draft master plan, for period 2011-2015: 302 thousand of billions dong (157 thousand of billions dong from state budget, accounting for 52.1%); for period 2016-2020: 592.5 thousand of billions dong (265 thousand of billions dong from state budget, accounting for 44.7%);

III. Issues for Government's consideration

1. In order to implement the International conventions that Vietnam has ratified for practice on elimination of all worst forms of child labour and implementing universal education as stipulated by the law on education, the draft strategy and master plan have proposed a policy on cash transfer to support education for children of poor households in disadvantaged communes, poor ethnic minority. However, there is debate that cash transfer is not effective solution to reduce the problem of school drop among poor children.

2. The draft strategy and master plan have proposed to pilot the policy on supporting farmers with low income (below the medium level) to participate voluntary social insurance with a part of insurance fee with the aim to reduce the social assistance burden from state to support the old age people. However, there is also concerns that more considerations should be debated because the support from state should be in a specific period of time, and the central question is the ability of targeted beneficiaries to continue to pay contribution fee when the state's support finishes.

3. There is concerns on the inclusion of policy on supporting farmers to participate agriculture insurance. However, given the fact that this policy is being prepared by the State Bank of Vietnam for consultation, so Molisa does not include it in the strategy.