

**Report of the**

**National Technical Training Seminar**

**on**

**“Preparation of Social Security Laws:  
Standards, Policy and Legislation”**



**Luang Prabang, Lao PDR, 27-29 August 2013**

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## 1. Background

In order to collectively support ASEAN countries where social security reforms are ongoing or under consideration, ILO plans to organize technical training seminars on thematic areas such as minimum standards and social security laws, social security financing, social health insurance, unemployment protection, and harmonisation of schemes. The first training seminar focused on social security standards, policies and laws. The topics covered included legal definitions, designing of benefits, financing, implementation and governance arrangements, among others. Participants also worked on the development of a "Social Security Law Assessment Matrix", a tool to check the comprehensiveness and alignment of social security legislations with ILO's standards.

The seminar aimed to bring together key officials working on social security, to help in the exchange of information and experiences, and to promote regional integration within the ASEAN through mutual understanding and technical cooperation. A total of 42 guests attended the seminar, including policy makers, high-level government officials and technical officers involved in the development of social security legislation in Lao PDR, Myanmar, Viet Nam, Indonesia and Cambodia, as well as ILO specialists from the participating countries and Geneva.



**Visit the webpage of the seminar:**

<http://www.social-protection.org/gimi/gess/ShowProjectPage.do?pid=2247>

## 2. Introduction

In his opening remarks, **H.E Mr Bounkhong Lasoukanh** (Vice Minister, Ministry of Labour and Social Welfare, Lao PDR) iterated that the Government of Lao PDR promotes the development of social security as a means to addressing poverty. The expansion of social security will require special attention, in order to ensure the inclusion of vulnerable groups and create opportunities for them. The target is to cover 50 per cent of the population by 2015. Achievement of this target will rely on fully engaging workers and employers, and making provisions for effective and efficient services.

The seminar drew from the knowledge and expertise of ILO in developing social security policies, guiding the extension of coverage, conducting financial assessments and building capacity. It provided the opportunity to learn from one another on how to design effective policies, and to check the compliance of national social security laws with ILO's Conventions and financial principles.

**Ms Valerie Schmitt** (Social Security Specialist, ILO Bangkok) mentioned that countries participating in the seminar were in the process of developing, drafting or reforming regulations to implement social security laws. The right to social security is recognised in the Universal Declaration of Human Rights, 1948. To guarantee this human right, the ILO sets standards that provide obligations and guidelines for Member States to design laws and regulations and establish social security systems. The Social Security (Minimum Standards) Convention, 1952 (No. 102) is the flagship convention on social security and contains fundamental principles on all the nine branches of social security. Other Conventions provide more detailed guidelines on specific branches of social security.



*“In July 2013, Lao PDR approved the reform of its Social Security Law, combining public and private social security funds. This is the first step towards extending coverage to self-employed and rural workers.”*

- **H.E Mr Bounkhong Lasoukanh**  
Vice Minister,  
Ministry of Labour and Social Welfare,  
Government of Lao PDR



*“This seminar is the first in a series of training seminars in the ASEAN region that will be included in Good Practices Guides, as part of ILO’s global efforts to develop social security guidelines.”*

- **Ms Valerie Schmitt**  
Social Security Specialist,  
ILO Decent Work Technical Support Team  
for East and South-East Asia and the  
Pacific



**“International labour standards are tools that can be used by governments to draft laws and design schemes, set targets and objectives.”**

**Ms Emmanuelle St Pierre**  
*Legal Specialist,  
 Social Security Department,  
 ILO Geneva*

### 3. ILO’s social security standards and the “Law Assessment Matrix”

**Ms Emmanuelle St Pierre** (Legal Specialist, ILO Geneva) talked about the right to social security in laws and conventions, ILO’s mandate in social security and its standard-setting function, the creation and significance of international labour standards. She also elaborated on the role of ILO’s social security standards in the design of social security schemes and laws, specifically through the principles and targets mentioned in them. Ratification of ILO’s conventions and inclusion of their principles in implementing social security systems can provide a path to decent work, poverty reduction and contribute to the achievement of MDGs.

Once implemented through law and applied in practice, Convention No. 102 can contribute to decent work and poverty alleviation by providing for adequate benefits for the nine social security contingencies. The benefits are designed to provide replacement of lost income in case one of the contingencies occurs, as well as enable access to quality medical care. Convention No. 102 also specifies benefit levels and duration, qualifying conditions, minimum coverage, financing methods and so on.

During the practice session, participants completed a “Social Security Law Assessment Matrix”, which aims to map the national social security laws, in order to check whether the national laws cover the principles mentioned in ILO’s Conventions, for all nine branches of social security. This matrix is filled by participants from each country for their existing and planned social security laws and regulations. Then, the national laws are compared with the principles of Convention No. 102 to assess conformity.



**The Social Security Law Assessment Matrix is a tool to map the provisions in the national law and check their compliance with ILO’s social security standards**



**Participants from Indonesia and Myanmar** shared the results of this exercise with the other countries. Although the social security laws in both countries cover a range of provisions like healthcare, family assistance, old age benefits and so on, design parameters such as benefit levels, qualifying conditions, etc. are not always aligned with the minimum standards enshrined in Convention No. 102.

#### 4. Challenges and obstacles

Participants discussed the steps and challenges involved in going from “a piece of paper with the law” to implementing the law and establishing a social security system. Common observations were:

- There are two kinds of challenges, those faced while developing regulations before the implementation phase, and those faced after the operations have started.
- Challenges include absence of up-to-date data which causes problems in designing and planning; deciding the appropriate benefit amounts, premiums, contribution collection mechanisms, especially for the hard-to-reach informal sector; lack of clarity among implementing agencies on their responsibilities; and absence of a clear vision.
- Some possible solutions identified during the seminar recommended starting in a small way, with a single benefit package or in some geographical areas, from where improvement and expansion may take place. Focus could be put on areas where the national needs and priorities are. Actuarial studies, task forces involving stakeholders, monitoring mechanisms were also identified as important requirements.



***“The Indonesian government has been working on a new law to review the national social security system and install a social security provider agency.”***

***- Ms Adriani Bangkora  
Deputy Director, Division of Analysis &  
Information for Security & Wages,  
Ministry of Manpower & Transmigration,  
Government of the Republic of Indonesia***



***“Regular assessments are necessary to gauge the financial sustainability of schemes. Challenges in premium collection may be eased through involvement of employers and civil society.”***

***- Mr Tun Than  
Deputy Director General,  
Social Security Board,  
Ministry of Labour, Employment &  
Social Security,  
Government of Myanmar***



***“In Cambodia, four regulations were formulated. They were for establishing a Social Health Insurance Scheme, provider payment mechanism, benefit package and contribution rate. Real progress on developing these regulations was made from January 2013.”***

- ***Ms Malika Ok***  
*National Programme Officer,  
 ILO Phnom Penh*



***“It is very important to have a vision and leadership. Reaching the target of effective coverage is not a simple, one-year long job.”***

- ***Dr Thaworn Sakulphanit***  
*Director,  
 Health Insurance System Research  
 Office, Ministry of Health,  
 Royal Thai Government*

**Ms Malika Ok** (National Programme Officer, ILO Phnom Penh) elaborated on the process followed in Cambodia for the development of *Prakas* or ministerial regulations on social health insurance for formal sector workers. A roadmap was made detailing the steps of action over the next few months, with the target of finalising the regulations by the end of 2013. In mid-2013, studies and discussions were conducted with healthcare providers and tripartite stakeholders to decide on the provider payment mechanism, benefit package and contribution rate.

**Dr Thaworn Sakulphanit** (Director, Health Insurance System Research Office, Thailand) spoke about the process of development and consequent amendment of Thailand’s Social Security Law. The Social Security Office took three years for the step-by-step implementation of the law, in collaboration with line ministries and stakeholders. At first, four short-term benefits were introduced, i.e. sickness, maternity, invalidity and death benefits. Many challenges were encountered, including in beneficiary registration and contribution collection, establishing benefit levels and payment mechanisms, providing for adequate infrastructure. To implement healthcare benefits, every public health facility had to join by government order, and public-private competition was encouraged to reach out to more beneficiaries. Later, it was expanded to universal healthcare coverage.

**Mr Nguyen Xuan Duc** (Specialist Official, Ministry of Labour, Injury and Social Affairs, Viet Nam) elucidated on the challenges faced by the old age pension scheme in Viet Nam and necessary reforms. The speed of ageing in Viet Nam is expected to be the fastest in Asia, with 30 per cent of the population occupying the 60+ age group by 2050. There are many other policy and implementation challenges, such as differences in the pension formula and benefit adjustments between the public and private sectors, low retirement age, administrative and infrastructure limitations, etc. Some measures have been taken, such as increasing the contribution rate for workers and employers each, by 1 per cent every 2 years from 2010 to 2016. Possible amendments being considered are an increase in retirement age and higher benefit levels for those who have contributed longer.

## 5. Determining contribution levels

**Mr Hiroshi Yamabana** (Actuary, ILO Geneva) talked about financing of short-term, long-term and in-kind benefits (e.g. healthcare, long-term care). The financing methods for short-term and long-term benefits are different. This is because short-term benefits (e.g. sickness, maternity, temporary injury, unemployment, child allowances) are usually provided for a few months. Long-term benefits (e.g. pensions, invalidity, survivors, permanent injury) are paid for several years and the funds have to be built up.

He also illustrated the Pay-as-you-go (PAYG) method of financing, with practical examples from Thailand. In a simple PAYG calculation, contributions collected should be equal to expenditure for benefits.

*Contributions collected = Expenditure for benefits*

Therefore,

*Number of contributors x Average wage of contributors x Contribution rate = Number of beneficiaries x Average benefit*

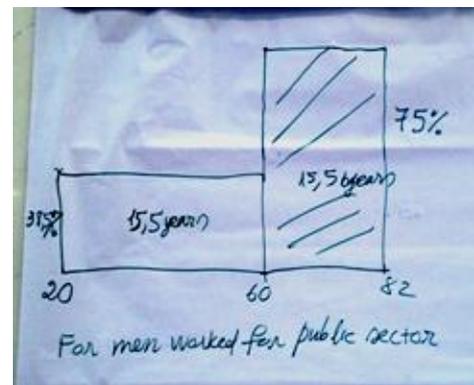
When a country has a young population, the number of contributors is high and the number of beneficiaries is low, which allows the country to maintain a lower rate of contribution and to build up pension reserves. Also, when a pension scheme is started, there is accumulation of funds due to members paying their contributions but no pension benefits being disbursed.

When the contribution rate is set at a relatively low level, and there is progressive increase in the number of pensioners, the pension formula may need to be revised. This may be done by increasing the contribution rate, decreasing the pension benefit or increasing the retirement age. In Thailand, the contribution rate is currently quite low and needs to be increased to ensure that the pension scheme is sustainable in the long run.



***“In many developed and developing countries of the world, it has been seen that pension reforms, which adjust the contribution rates and benefit amounts, are necessary to ensure sustainability of the pension scheme.”***

- **Mr Hiroshi Yamabana**  
Actuary, Social Security Department,  
ILO Geneva



**Calculating contribution rate and other parameters for pension schemes**





***“After the 1972 economic crisis, an idea took root – that economic growth was the best cure against unemployment. Employment was strongly promoted, including cooperatives and self-employment.”***

- ***Ms Celine Peyron Bista***  
*Chief Technical Adviser,  
ILO/Japan Project on “Promoting  
Unemployment Insurance and  
Employment Services in ASEAN”,  
ILO Bangkok*



***“The unemployment insurance system in Viet Nam has good opportunities, due to the newly passed Labour Code, 2012 and higher awareness among workers and employers.”***

- ***Ms Loan Ngo Thi***  
*National Programme Officer,  
ILO/Japan Project on “Promoting  
Unemployment Insurance and  
Employment Services in ASEAN”,  
ILO Hanoi*

## 6. Unemployment protection

**Ms Celine Peyron Bista** (Chief Technical Advisor, ILO Bangkok) spoke about unemployment protection measures and related ILO standards, design of parameters, challenges and lessons from the ILO/Japan project on “Promoting Unemployment Insurance and Employment Services” over the past two and a half years. Along with cash benefits to the unemployed, it is crucial to provide training facilities, return-to-work measures and support for families. In some Asian countries, the unemployment rates are very low, thus making it appear that unemployment protection is not a priority. However, although countries may have reached near full employment, the quality of jobs may not be satisfactory, with persisting informal employment and high underemployment.

Some countries in the region have established severance pay mechanisms that provide a lump-sum payment upon dismissal. This does not guarantee adequate income security. An ideal unemployment protection system provides protection for the loss of income and promotes access to active labour market policies, to ensure that workers find a new job or increase their employability through training. Thailand and Viet Nam have designed and implemented unemployment insurance schemes. Thailand’s scheme also provides for reduced benefits for voluntarily job-quitters.

**Ms Ngo Thi Loan** (National Programme Officer, ILO Hanoi) presented the challenges in implementing the unemployment insurance policy in Viet Nam and necessary amendments. ILO performance reviews recommend taking steps to increase the coverage, ensure the sustainability and effectiveness of the system. Some recommendations were integrated in the new employment law to be adopted by the National Assembly. They include extending the formal sector to organizations with less than 10 employees and workers with a contract of less than 1 year; widening the legal definition of insurable earnings to include bonus and overtime pay; revising key performance indicators; designing special support programmes for long-term unemployed persons, seasonal workers and domestic workers.

## 7. From design to implementation

**Ms Emmanuelle St Pierre** delivered a presentation on management of schemes, ensuring good governance and its prerequisites, and implementation issues in the enforcement of social security legislations. While designing administrative procedures and institutional structures, it is important to ensure that the duties, roles and responsibilities of all actors are clear. Each actor must be accountable for their role in the implementation process, especially related to ensuring:

- Awareness among workers and beneficiaries of their rights and entitlements;
- Involvement of employers and workers in payment and collection of contributions, etc.; and
- Effectiveness of complaint and appeals mechanisms.

**Mr Xaikhham Phannalath** (Division Director, Ministry of Labour and Social Welfare, Lao PDR) delivered a presentation on the social security situation in the country and explained how Lao PDR had established a social security scheme providing a range of benefits. The major elements of the social security implementation plan in Lao PDR include:

- Elaboration of a social security development policy into programmes and activities;
- Coordination with other sectors and local authorities;
- Communication of social security benefits to the society;
- Assessment of the situation, monitoring and reporting of implementation outcomes; and
- Cooperation with the private sector, civil society and international organizations.



*“The Ministry of Labour and Social Welfare in Lao PDR is responsible for coordination of social security programmes across the country. It also works on managing activities and collaborating between line ministries, relevant agencies and local authorities.”*

- **Mr Yangkou Yangluesai**  
Director General,  
Social Security Department,  
Ministry of Labour and Social Welfare,  
Lao PDR



## 8. Evaluation of the seminar

### ✓ It was a success!



**Achievement of seminar objectives**

- to some extent
- yes
- absolutely
- unanswered

- 84 per cent of the participants were either satisfied or absolutely satisfied
- After the seminar, 96 per cent of the participants felt that they were better prepared to carry out legal design, planning and reforms in their country
- 89 per cent of the participants considered that the learning methods and the material were generally appropriate
- 100 per cent of the participants judged the overall contribution of the resource persons positively (30 per cent excellent, 40 per cent good, 30 per cent satisfactory)
- 26 per cent felt that other participants “very much” contributed to their learning and sharing of experiences

### ✓ Participants provided several suggestions for improvement

- Future training seminars should be conducted with focus on specific topics, such as financial assessment of social security programmes and schemes
- Financial sessions could be adjusted to be clearly understood by all, with an introductory session for beginners
- More practical sessions and exercises should be introduced, by using concrete data and experiences and providing solutions later
- Learning material should be provided before the seminar
- Presentations should be short and concise, with focus on specific areas
- Responsibilities of participants could be more clearly assigned

### ✓ Some countries envisaged concrete follow-up actions

- 89 per cent of participants believe that a meeting or workshop to raise awareness on social security laws, policies and standards should be organized in their country in the next 6-12 months
- 78 per cent of participants envisage a possible drafting, redrafting, planning or designing of a law, policy or strategy within 6-12 months, using the principles in ILO’s Conventions and Recommendations

## 9. The Seminar Online

# GESS

## GLOBAL EXTENSION OF SOCIAL SECURITY



**Preparation of Social Security Laws: Standards, Policy and Legislation**

**NATIONAL TECHNICAL TRAINING SEMINAR, LUANG PRABANG, LAO PDR, 27-29 AUGUST 2013**

The ILO plans to organize a series of technical training seminars on various thematic areas related to social security, including minimum standards and legislation, financing of schemes, social health insurance, unemployment insurance, and harmonization of schemes. The purpose of the seminars is to collectively support countries where reforms are ongoing or under consideration. The first of the training seminars is on "Social Security Standards, Policy and Legislation". It aims to address policy issues, design of social security schemes and aspects related to the implementation and governance of schemes.

**Objectives:**

1. Enhance participants' knowledge of ILO's main social security standards, notably the Social Security (Minimum Standards) Convention, 1952 (No. 102), and other conventions and recommendations.
2. Conduct discussions on the topics:
  - (a) common legal definitions of different social security contingencies;
  - (b) qualifying conditions commonly applied; and
  - (c) common designs of benefit provisions, ensuring consistency, equity and an adequate benefit level.
3. Discuss linkages between target population, benefit design, financing requirements, and trade-offs to be considered while developing social security legislation.
4. Discuss relevant aspects related to the development or amendment of social security legislation; and its implementation, including governance arrangements, administration, compliance and delivery of benefits.
5. Share experiences among ASEAN countries and foster South-South exchange for developing and implementing social security legislation, and thereby building comprehensive social security systems.

**Participants:** policy makers, high-level government officials and technical officers involved in the development of social security legislation from Lao PDR, Myanmar, Viet Nam, Indonesia and Cambodia, ILO experts and officers

The training seminar was co-organised by the project LAO/11/01M/LUX and ILO DWT Bangkok. It was also supported by South-South Cooperation, SPA Indonesia, RBTC, One-UN Project.



International Labour Organization  
Organisation Internationale du Travail  
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Special Unit for South-South Cooperation

[Concept Note](#) | [Agenda & Presentations](#) | [National Laws on Social Security](#) | [List of participants](#) | [Report](#) | [Photographs](#)

**Webpage of the seminar and presentations:** <http://www.social-protection.org/gimi/gess/ShowProjectPage.do?pid=2247>

**Photographs of the seminar:**

<https://plus.google.com/photos/105542368384290147136/albums/5921900243909076433?banner=pwa>

**Social security laws in ASEAN countries:** <http://www.social-protection.org/gimi/gess/ShowProjectWiki.do?wid=1517>



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