

# A Multi-Tiered Social Insurance System in Vietnam

“Expanding Social Insurance Coverage - Flexible Short-term  
Benefits Package”

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# Perspective of the Central Party Committee

- Diversity:
  - Party's platform on nation building during the transition to socialism (1991): establishment of a synchronous and **diverse** system on social insurance and social assistance.
- Multi-Tier Concept:
  - Resolution 11-NQ/TW issued by the 12<sup>th</sup> National Party Congress at its 5<sup>th</sup> Plenum prescribes the institutional enhancement of a socialist-oriented market economy (2017): "Development of a diverse, **multi-tiered** and unified social security system".
  - Resolution 28-NQ/TW (2018): "Development of a flexible, diverse, multi-tiered and globally integrated social insurance system".

# Resolution 28

## Social Pension – State Budget financed

- Target beneficiaries: the elderly without VSS pensions.
- Gradual reduction of qualifying age.

## Basic VSS pension – combination of contributions and State subsidies

- Compulsory SI: sickness, maternity, work accidents & occupational diseases, pension & survivor benefits.
- Voluntary SI: pension & survivor benefits.

## Supplementary pension – contributory

- Voluntary.
- Aiming for a higher level of pension.

# State Budget Covers...

- Social pensions (tier 1): Those **without** monthly VSS pensions.
- State subsidies to Voluntary SI (tier 2):



Poor households



Low income



Farmers



Informal workers

# What is Meant by Multi-tier?

- One **risk** covered by multiple buffers? One **target group** covered by multiple policies?
  - Sickness: Sickness benefit, VSS health insurance, commercial health insurance.
  - Work accidents: Employer compensation, compensation from VSS LAOD Fund, compensation from commercial insurers.
  - Loss of work capacity: Disability social assistance, VSS LAOD benefits, VSS disability pension.
  - Pension: Social pension, basic pension, supplementary pension, voluntary commercial pension.

# How to Expand Coverage of Tier 1?

- Search for additional fiscal space, increase or restructure State Budget spending for the elderly.
- Build a coherent M&E system, strengthen coordination and information sharing for **accurate targeting** of beneficiaries.
- Consider the pros and cons of adopting/not adopting a universal social pension system (no pensions-testing).

# How to Expand Coverage of Tier 2?

- Compulsory SI:
  - Policy changes to boost attractiveness: Lower qualifying conditions, pension formulae to enhance risk sharing, additional entitlements in unemployment benefit package to ensure decent work.
  - Better targeting of **mandatory SI participants**.
  - Strengthen compliance enforcement.
- Voluntary SI:
  - More subsidies from State Budget.
  - Design flexible short-term benefits package to attract participation.
  - Improve communication and advocacy.

# SI Flexible Short-term Benefit Packages

- Requirement:
  - Expand coverage/risks insured.
  - Improve attractiveness to enroll and **maintain new participants**.
- Current attractive benefits: Sickness, maternity, unemployment
  - Most attractive to women in childbearing age.
  - Attractive to workers of short-term, seasonal and unstable conditions.
- Focus: maternity benefits for female informal workers with State subsidies.



Thank  
you!!