

# ASSESSMENT-BASED NATIONAL DIALOGUE EXERCISES AND SOCIAL PROTECTION FLOORS IN EAST AND SOUTHEAST ASIA

## METHODOLOGY AND FINDINGS

The International Labour Organization conducted landmark studies in four Southeast Asian countries between 2011 and 2013 to come up with concrete recommendations for creating nationally defined social protection floors.

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Between 2011 and 2013, the International Labour Organization (ILO), in collaboration with governments and several United Nations agencies working as part of the Social Protection Floor Initiative (SPF-I), conducted four Social Protection Floor (SPF) assessment-based national dialogue (ABND) exercises<sup>2</sup> in Southeast Asia.<sup>3</sup> The exercises were undertaken to take stock of existing social protection realities in order to understand what elements of national SPFs were in place, where “holes” in national floors exist, and to propose recommendations



for the further design and implementation of social protection provisions that would guarantee at least the SPF to the entire population.

This paper describes the methodology for conducting ABND exercises. The methodology was developed by the ILO in the Asia Pacific region and tested in Cambodia, Indonesia, Thailand and Viet Nam. It is now being applied systematically throughout the region with a second round of assessments underway or planned in Lao PDR, Mongolia, Myanmar, Vanuatu and the Solomon Islands.

The paper also provides an overview of the four completed ABND exercises and the resulting recommendations for achieving basic health care and income security for children, the working age population and the elderly, to provide a situational analysis of the SPF in each country. The results of preliminary calculations of the cost of implementing proposed policy options are also outlined.

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

## WHAT IS THE SPF AND WHAT IS ITS RELEVANCE TO POVERTY?

### 1. What are Social Protection Floors?

Social protection floors (SPFs) are nationally defined sets of basic social security guarantees that aim to prevent or alleviate poverty, vulnerability and social exclusion. By calling for both demand (transfers) and supply side (services) measures, the SPF adopts a holistic approach to social protection. Countries are encouraged to prioritise the implementation of SPFs both as a fundamental element of their national social security systems and as a starting point for provision of higher levels of protection to as many people as possible, and as soon as possible, in line with growing economic and fiscal capacity.

SPFs should comprise (at a minimum) the following nationally defined set of goods and services or basic social security guarantees:

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

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

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

The SPF also serves as a tool for the empowerment of vulnerable groups, including women and children, the disabled, the elderly, and people living with HIV/AIDS.

### 2. SPFs and the international context

The utility of the SPF approach in combating poverty has been increasingly recognised at the international level since the global financial crisis of 2007-2008.<sup>4</sup> In 2009, the High Level Committee on Programmes of the UN Chief Executives Board adopted the SPF-I as one of several joint initiatives to combat and accelerate recovery from the global economic crisis.<sup>5</sup> The SPF has also been highlighted by the Group of Twenty Finance Ministers and Central Bank Governors (G-20),<sup>6</sup> and incorporated as a central pillar of the post-2015 UN development agenda for inclusive development.<sup>7</sup>

Building on this foundation, the International Labour Conference (ILC) adopted Recommendation 202 concerning National Floors of Social Protection (Social Protection Floors Recommendation) at its 101st session in 2012. Recommendation 202 reaffirms the role of social security as a human right and social and economic necessity, and provides guidance to countries in building SPFs within progressively comprehensive social security systems.<sup>8</sup>

### 3. SPFs in Southeast Asia

While the Asia Pacific region has made considerable economic progress in the last two decades and lifted millions out of poverty, not all have benefitted from these gains. Millions of people are still poor, deprived of basic rights, and vulnerable to increased risks stemming from global economic crises and climate change. The threat that human development gains made in the past decade may fail to “stick” and begin to reverse, has helped to place social protection high on the policy agenda in the region. At their 67th session in May 2011, member States of the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) passed a resolution on “Strengthening social protection systems in Asia and the Pacific.”<sup>9</sup> At the 15th Asia and the Pacific Regional Meeting held in Kyoto, Japan, 4-7 December 2011, governments, employers, and workers from the Asia and Pacific Region determined that “building effective social protection floors, in line with national circumstances” was one of the key national policy priorities for the Asia and the Pacific Decent Work Decade.<sup>10</sup> The recent adoption by ASEAN member states of the Declaration on Strengthening Social Protection confirms the growing regional importance of social protection.<sup>11</sup>

## THE ASSESSMENT MATRIX

	SPF OBJECTIVES	EXISTING SP PROVISIONS	PLANNED SP PROVISIONS (STRATEGY)	POLICY GAPS	IMPLEMENTATION ISSUES	RECOMMENDATIONS
Health	Four SPF Guarantees	Identifying existing situation in the country		Identifying policy gaps and implementation issues, addressing which would complete the SPF		Priority policy options, to be decided through national dialogue
Children						
Working age						
Elderly						

Figure 1

### THE ASSESSMENT-BASED NATIONAL DIALOGUE: METHODOLOGY AND RESULTS

In recognition of the need to take stock of existing social protection realities in order to understand what elements of national SPFs are in place and where “holes” in floors exist, the ILO collaborated with governments, social partners, civil society, academics and several UN agencies in the Southeast Asian region from 2011 to 2013 to conduct SPF assessment exercises in Cambodia, Indonesia, Thailand and Viet Nam.

The studies utilised similar methodology, with the common objective of assessing whether the SPF is a reality in the respective countries. Policy gaps and implementation issues were identified and recommendations made for further design and implementation of social protection provisions that would guarantee a SPF for the entire population.

The studies also sought to estimate the projected financial commitment needed in each country to implement proposed policies for closing “holes” in the SPF. As part of the social protection assessments, in each country the ILO Rapid Assessment Protocol (RAP)<sup>12</sup> costing tool was used to estimate the cost and affordability of implementing social protection recommendations.

#### The ABND Methodology

The ABND approach assists countries to identify and address gaps in their existing social security systems in relation to access and scope of coverage. It uses a participatory approach to identify priority policy options for the successful and coordinated development of nationally defined SPFs. All relevant stakeholders including line ministries, local government bodies, workers’ and employers’ organisations, civil society organisations, academia, and development partners, are involved from the onset.

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

#### Step 1: Building the Assessment Matrix

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

The completed assessment matrix answers the following questions:

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

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

### Assessment Matrices in Cambodia, Indonesia, Thailand & Viet Nam <sup>13</sup>

Assessment of the social protection situations in each country followed the ABND matrix format, listing and describing existing provisions and policy and implementation gaps, and using them to formulate recommendations against each of the four SPF guarantees.



#### HEALTH

The ABND exercise in Cambodia found that high out-of-pocket health expenditures in Cambodia were contributing to impoverishment, indebtedness and forced sale of livelihood assets for the poor and near-poor. Cambodia's National Social Protection Strategy for the Poor and Vulnerable (NSPS-PV) promotes the extension of health protection for the poor and vulnerable through the expansion of health equity funds (HEFs) and community-based health insurance schemes. In line with this objective, the central policy option proposed for the extension of social health protection under the ILO's Financial Assessment of the NSPS-PV was the extension of HEFs to all very poor and poor persons. Membership of HEFs ensures access to free medical services at public health facilities and other benefits that aim to remove secondary barriers to care such as transportation, cost of food for patients and family members during in-patient stays.

The Government of Indonesia committed to achieving universal health insurance coverage, commencing in early 2014, under the 2004 National Social Security System Law and 2011 Social Security Providers Law. Nevertheless, the ABND exercise noted that until this system is rolled out, around 41 per cent of the population remain uncovered by health insurance. Accordingly, the recommendations put forward relate to the form and level of benefits proposed under the new system (e.g., inclusion of some diseases currently excluded from existing schemes such as preventive and curative treatments for HIV), and the extension of benefits to progressively greater segments of the population (scenarios for extension to the very poor, poor, near-poor, vulnerable and informal economy workers).

Like Indonesia, Viet Nam also has committed to achieving health insurance by 2014. The ABND exercise did not identify any policy gaps in the Government's

strategy for achieving universal coverage; however the study questioned the feasibility of extending health care coverage to the 40 per cent of the population presently not covered—which mainly comprises informal economy workers—through voluntary insurance. Implementation gaps noted included issues with the quality and availability of healthcare services. Proposals to address implementation gaps included investments on the supply side in terms of staffing, equipment and consumables, and increased insurance subsidies for a large proportion of the uncovered population.

Although Thailand is the only country of the four to have achieved universal health coverage, the ABND exercise identified issues such as unequal distribution of healthcare facilities between rural and urban areas, quality of care issues in rural areas, and lack of coverage for undocumented migrant workers. Furthermore, the laws and institutions governing the health insurance system are fragmented, with some legislative conflicts. While no recommendations were made for additional social protection provisions in relation to health, the Thai ABND report did propose structural reforms and improved operations to make the health insurance system more unified and financially sustainable, including harmonisation of provider payment mechanisms and benefit packages, a legal review to propose solutions to conflicting legislation, and new measures to promote long term financial sustainability such as co-payments for non-essential services.



#### CHILDREN

While the range of existing social protection programmes targeting children varied across the four countries, the ABND exercises identified similar policy and implementation gaps, such as limited programme coverage, supply side issues like quality of education,

and problems with data management and beneficiary targeting. In all countries, the introduction of (or expansion of existing) cash transfer programmes were proposed as a means of achieving income security for children, reducing school dropout rates and fighting against child labour. In Cambodia, cash transfers for pregnant women who are poor, poor children and a universal child allowance were suggested. Similarly, in Indonesia the main recommendations for children were expansion of an existing conditional cash transfer scheme to more areas and recipient households, and calculating the cost of a universal child allowance. Design and implementation of a universal child support grant was also recommended in Thailand, and in Viet Nam both universal and targeted child benefit packages were proposed.



#### WORKING AGE

Provisions for the working age population tabled and described during the ABND exercises in Cambodia, Indonesia, Thailand and Viet Nam span a variety of schemes and programmes ranging from social security funds for veterans, public-sector workers and private sector employees, to public works,<sup>14</sup> vocational training and employment creation programmes. Key parallels in policy and implementation gaps among the country case studies and between different schemes were observed. In Cambodia, for example, social assistance and welfare programmes were found to often receive insufficient budget allocation and suffer from limited effectiveness and ad-hoc distribution. Similar problems were identified in Indonesia's vocational and livelihoods training schemes and employment programmes. Challenges to the extension of social security to greater segments of the population, particularly to informal sector workers, were also noted in all countries.

While the ABND matrix in Thailand identified numerous schemes providing income security for the working age population, the many co-existing schemes were found to contribute to inefficiencies and administrative burdens.

Furthermore, as in Indonesia, the almost total absence of social security coverage for informal workers was identified as a significant gap in income security for the working age population. The same problem was highlighted in Viet Nam; unemployment insurance and maternity protection is available only to a minority of workers in formal employment, limited to workers in formal enterprises of ten workers or more. This leaves approximately 90 per cent of the working age population with protection in case of unemployment. There is also no general income support for informal workers in Viet Nam, who comprise almost 70 per cent of workers.

Recommendations for achieving income security for the working age population in each country primarily related to the extension of existing, or introduction of new social security benefits, and improving linkages between employment creation programmes and social security schemes. In Indonesia, the establishment of a public works guarantee linked with vocational training was proposed for the informal sector. In Thailand, a combined benefit package comprising income support measures and mechanisms to increase employability and/or access to markets was suggested—this would involve an improved vocational training system and introduction of links between social protection and employment schemes. The ABND exercise in Viet Nam proposed an employment guarantee scheme for 100 days per household per year, including social assistance for those who are unable to work and access to training and employment services to facilitate return to work and creation of micro-enterprises. In Cambodia, in order to align with the NSPS-PV strategic objective of addressing seasonal employment, a nationwide public works programme targeting poor households, comprising 80 paid workdays per household, was proposed.

Each of the ABND exercises also identified shortcomings in social protection coverage for the disabled under existing schemes targeting the working age population. To address these deficiencies, additional measures were proposed. In Thailand, an increase to the Universal Non-Contributory Allowance for People with Disabilities was recommended; likewise in Indonesia, the extension

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of the existing non-contributory pension scheme to all people with severe disabilities was suggested. In Cambodia and Viet Nam, where disability is a major issue (affecting 1.4 per cent and 3.7 per cent of the respective populations), recommendations included a means-tested pension for the disabled in Cambodia, and the inclusion of social assistance for those unable to work in Viet Nam’s proposed employment guarantee scheme.

The ABND recommendations in Thailand and Cambodia also included the introduction of maternity benefits in the form of cash transfers to poor women who are pregnant (in Cambodia) and to women working in the informal economy who have just given birth (in Thailand). These proposed maternity benefits aim to compensate for loss of income during pregnancy and after delivery, to improve the health and nutritional status of mothers and newborn children, and to encourage (in the case of Thailand) an increase in fertility rates.



#### ELDERLY

Common to all country ABND matrix results, was the finding that an insufficient proportion of the population was covered by old age benefits, which are limited for the most part to private sector and public service employees. Benefits, where they do exist, were found to be insufficient for achieving income security. In Indonesia for example, close to 90 per cent of all citizens are not covered by an old age benefit; and the lump sum payments received by pensioners in the private sector were found to provide inadequate protection. Lump sum benefits provided to pensioners under Section 40 of Thailand’s Social Security Act (a voluntary contributory scheme for informal sector workers) were likewise found to provide inadequate long-term protection, and old age pension levels will also be very low for some categories of formal sector workers due to low contribution rates. While Thailand also has a Non-Contributory Allowance for Older People not insured under other schemes, challenges to registration were identified, particularly for elderly persons living in remote areas, and protection has been limited by the absence of any automatic indexation of the benefit.<sup>15</sup>

National pension coverage is also very low in Cambodia where only public-sector workers receive old age pensions. While a social security pension for the private sector is legislated for (though as yet not implemented), informal sector workers remain uncovered, resulting in high old age labour participation rates. In Viet Nam, a compulsory pension insurance scheme covers approximately 18 per cent of the workforce; other targeted social assistance programmes provide benefits for elderly persons aged 80 years and above and poor elderly aged 60 years and above and who have no relatives to rely on. The majority of informal sector workers have no protection in old age. Those elderly who are entitled to social pensions receive benefits below both the rural and urban poverty lines.

Recommendations stemming from the four ABND exercises accordingly focused on increasing benefit levels of and access to old age pensions. In Indonesia, the extension of a non-contributory pension to all vulnerable elderly was recommended, as was the establishment of a universal old age pension. Several options ranging from targeted to universal pensions were also proposed in Cambodia and Viet Nam. In Thailand, it was suggested that the Non-Contributory Allowance for Older People should guarantee a certain level of income security through indexation of benefits against inflation or expression as a percentage of the poverty line.

The ILO RAP model is only suitable for assessing the cost of introducing the first type of recommendations. To facilitate the calculation process, broad policy recommendations were translated into specific policy options or scenarios. For instance, to calculate the cost of establishing a child support grant in Thailand, it was necessary to choose a number of parameters, such as:

- Is it a universal or targeted child allowance?
- Will it target poor children, very poor children, or other specific groups?
- Which age groups are eligible (0-3 years of age, 0-6, or 6-11)?
- What is the monthly amount of the allowance?
- Is the allowance limited to a number of children per household?

### From Step 1 to Step 2 (the Rapid Assessment Protocol)

Recommendations produced by the ABND exercise may be of two types:

**i. Recommendations related to the expansion of the SPF:**

- Coverage (number of people/geographic);
- Levels of benefits of existing non-contributory schemes; or
- Introduction of new non-contributory programmes.

*The cost of implementing this kind of recommendation can be calculated using the ILO RAP model.*

**ii. Recommendations for:**

- New or expanded mandatory or voluntary social insurance (e.g., establish an unemployment insurance system);
- The operation of and coordination between schemes (e.g., improve targeting mechanisms); or
- Qualitative recommendations (e.g., improve the education system).

*Calculating the cost of implementing this kind of recommendation requires in-depth studies (beyond the ABND exercise).*

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- What is the monthly amount of the allowance?
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### Step 2 – Rapid Assessment Protocol (RAP) Model

After transforming broad policy recommendations into policy options or scenarios, the costs of proposed social protection provisions were estimated and forecast over a ten-year period using the ILO RAP model. This costing exercise aimed at providing an evidentiary basis for discussions on available fiscal space and government budget re-allocations, in turn helping with the prioritisation of possible social protection policy options.

ILO RAP model is an Excel tool including three types of sheets (refer to Figure 2).

### ILO RAP MODEL STRUCTURE

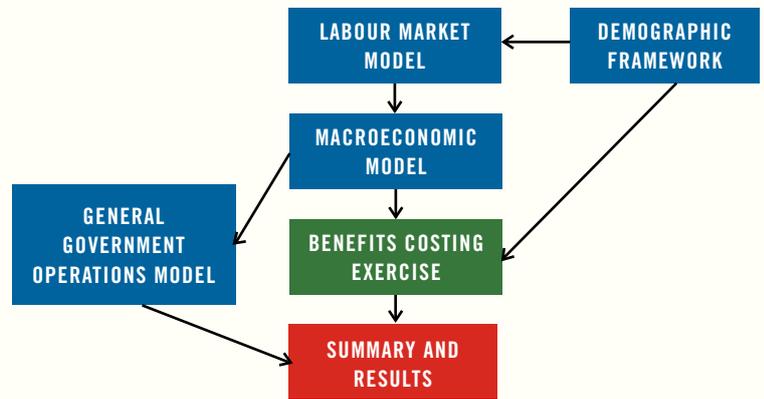


Figure 2

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

On the second type of sheets (green) each policy option was elaborated, with a choice of detailed parameters, and data from the first set of sheets was used to calculate the cost of introducing the policy options.

Sheets of the third type (red) present the final results of the RAP model. In all countries, several combined SPF benefit packages were developed and presented, including a choice between “low” and “high” cost packages, thus providing governments with several options. The results of the cost calculations and projections were expressed in national currency, as a percentage of GDP and as a percentage of government expenditure.

Preliminary fiscal space analysis was also conducted by adding the cost of the combined scenarios to the government budget, resulting, in most cases, in an unbalanced budget. Options to create fiscal space and finance the proposed policy options were also discussed.

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

For each of the ABND recommendations that were translated into policy options/scenarios in each respective country, the RAP tool was used to calculate the cost of implementing the proposals as stand-alone initiatives, as well as part of consolidated packages to close the SPF. Results of the costing exercise for consolidated packages are presented below (for a full explanation of the policy options and scenarios listed below, refer to the reports in their entirety, as referenced in Endnote 3):



### CAMBODIA

In Cambodia, individual policy proposals were calculated, on the basis of which the following combined low and high benefit packages were proposed<sup>16</sup> (see report in Endnote 3 for explanation of *options*):

- **Low combined benefit package:** a maternity benefit targeting poor pregnant women (option 3); a cash transfer for poor children aged 0–2 (option 4); a Public Works Programme (PWP) targeting 10 per cent of extremely poor households (option 6); the extension of HEFs to all poor households (option 8); an old age pension for elderly poor aged 65 and above (option 10); and a disability pension for the poor (option 12).
- **High combined benefit package:** a universal maternity benefit (option 3u); a universal child allowance for children aged 0–2 (option 4u); a PWP targeting 10 per cent of poor households (option 7); the extension of HEFs to all poor households (option 8); a universal old age pension for elderly aged 65 and above (option 10u); and a universal disability pension (option 12u).

Based on these two combinations, the cost of a complete SPF package for Cambodia was projected at **between 0.4 per cent and 2.4 per cent of GDP by 2020**.

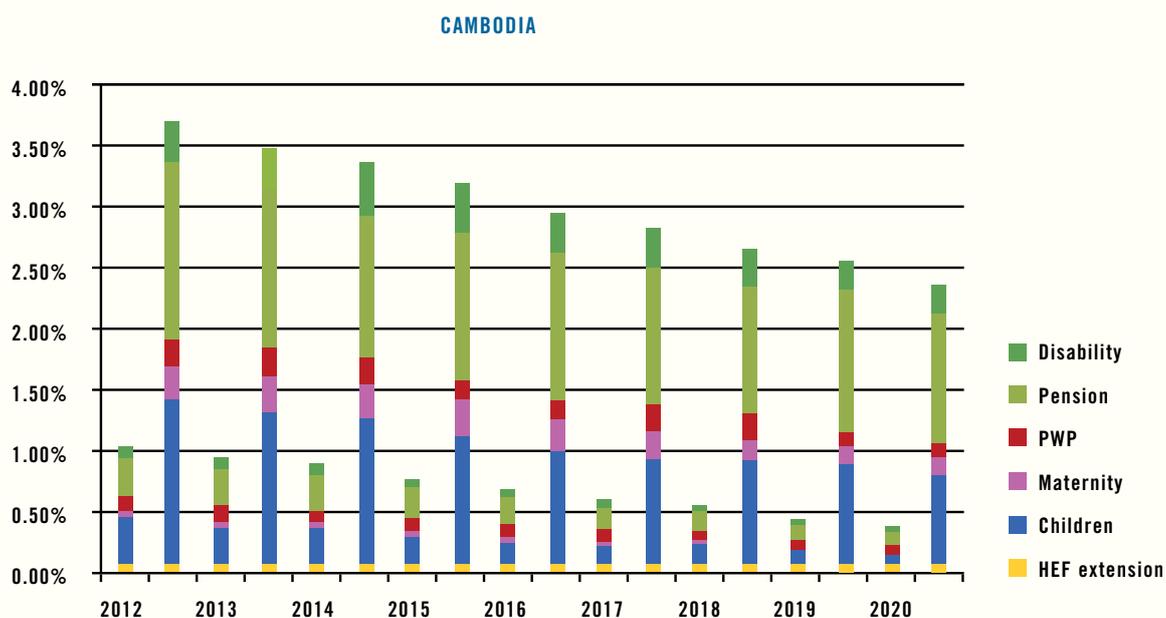


Figure 3

Cost estimate of low and high combined benefit packages in percentage of GDP.

Source: Hennicot, J.-C., ILO RAP model for Cambodia, 2012.



## INDONESIA

For the Indonesian costing exercise, two possible combinations of schemes were proposed—a “low” and a “high” scenario comprising consolidated packages of proposed benefits<sup>17</sup> (see report in Endnote 3 for explanation of scenarios):

- **Low combined benefit package:** extension of health insurance to all poor and vulnerable at third class moderate level (health scenario 1); preventive HIV treatment for the most at-risk population and curative care for all people living with HIV/AIDS, including mother to child transmission protocols (health scenarios 6 and 8); extension of the cash transfer programme to all poor children (children scenario 1); establishment of a PWP linked with vocational training targeting 25 per cent of informal economy workers by 2020 (working age scenario 1); extension of non-contributory disability allowance to all people with severe disabilities (elderly and disabled scenario 1); and extension of a non-contributory pension to all vulnerable elderly aged 60 years and above (elderly and disabled scenario 2).
- **High combined benefit package:** provision of first class health insurance benefits to the entire informal economy population (health scenario 5); preventive HIV treatment for the sexually active population and curative care for all people living with HIV/AIDS, including mother to child transmission protocols (health scenarios 7 and 8); establishment of a universal child allowance (children scenario 3); establishment of a PWP linked with vocational training targeting 25 per cent of informal economy workers by 2020 (working age scenario 1); extension of the non-contributory disability allowance to all people with severe disabilities (elderly and disabled scenario 1); and establishment of a universal pension for all elderly aged 55 years and above (elderly and disabled scenario 3).

Based on these two combinations, completing the SPF in Indonesia was calculated to cost **between 0.74 per cent and 2.45 per cent of GDP by 2020.**

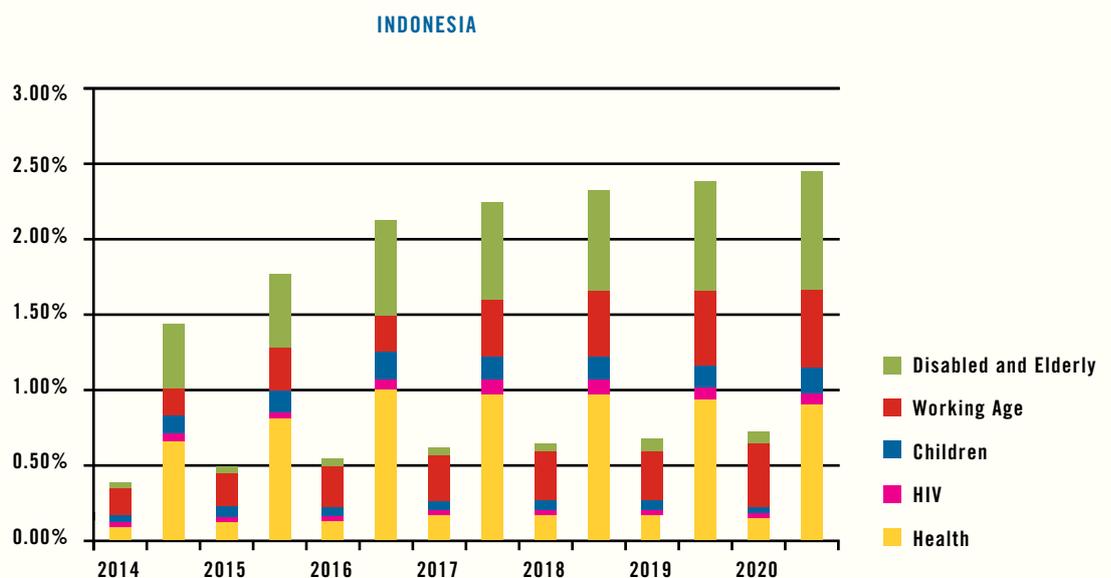


Figure 4  
Cost estimate of low and high combined benefit packages in percentage of GDP.  
Source: Satriana, S. and Schmitt, V., ILO RAP model for Indonesia, 2012.



## THAILAND

As in the Indonesian and Cambodian costing exercises, a “high” and a “low” scenario for combining proposed schemes were considered in Thailand<sup>18</sup> (see Endnote 3 for explanation of *scenarios*):

- Low combined benefit package: establishment of a universal child support grant for all children aged 0-3 (children scenario 1); introduction of a maternity allowance for all women working in the informal sector, a sickness benefit for all informal economy workers, a vocational training programme for informal economy workers including an allowance for the poor, and an increased disability allowance benefit (working age scenarios 1, 2, 3 and 4); and indexation of benefits under the government’s universal non-contributory old age allowance (old age scenario 1).
- High combined benefit package: establishment of a universal child support grant for all children aged 0-12 (children scenario 5); introduction of a maternity allowance for all women working in the informal sector, a sickness benefit for all informal economy workers, a vocational training programme for informal economy workers including an allowance for the poor, and an increased disability allowance benefit (working age scenarios 1, 2, 3 and 4); and an alternative non-contributory allowance for older people with benefits expressed as a percentage of the nationally defined poverty line (old age scenario 2).

Based on the two package options, completing the SPF in Thailand would cost an estimated **0.50 to 1.21 per cent of GDP by 2020**.

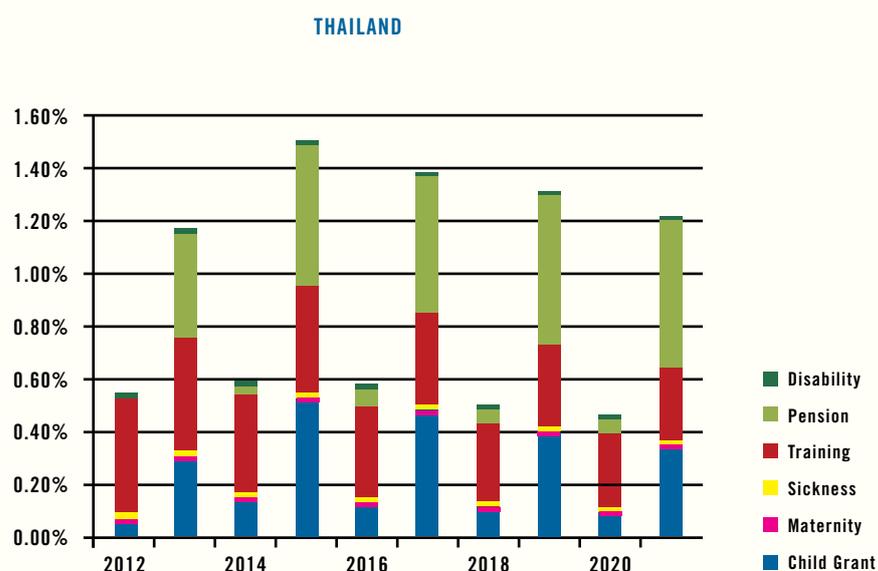


Figure 5

Cost estimate of low and high combined benefit packages in percentage of GDP.

Source: Schmitt, V., Sakunphanit, Dr. T. and Prasitsiriphol, O., ILO RAP model for Thailand, 2013.



## VIET NAM

In Viet Nam, costing exercises were carried out for four different social protection packages comprising different combinations of proposed benefits. The “high” and “low” scenarios for combining proposed schemes are summarised below<sup>19</sup> (see report in Endnote 3 for explanation of *scenarios*):

- **Low combined benefit package:** a targeted child benefit for all poor children limited to two children per family (scenario 2b); a targeted old-age pension benefit at the level of the poverty line for all uncovered elderly (scenario 1); and an employment guarantee scheme of 100 days per household per year combined with social assistance for those who are unable to work plus employment and training services including training allowances to facilitate return to employment and creation of micro-enterprises (working age scenario).
- **High combined benefit package:** a universal child benefit (scenario 1); a universal old-age pension, with reduced benefit level if receiving a pension from the contributory social insurance scheme (scenario 2); and an employment guarantee scheme of 100 days per household per year combined with social assistance for those who are unable to work plus employment and training services including training allowances to facilitate return to employment and creation of micro-enterprises (working age scenario).

Based on the two package options, closing the SPF in Viet Nam would cost an estimated **1.98 and 6.06 per cent of GDP by 2020**.

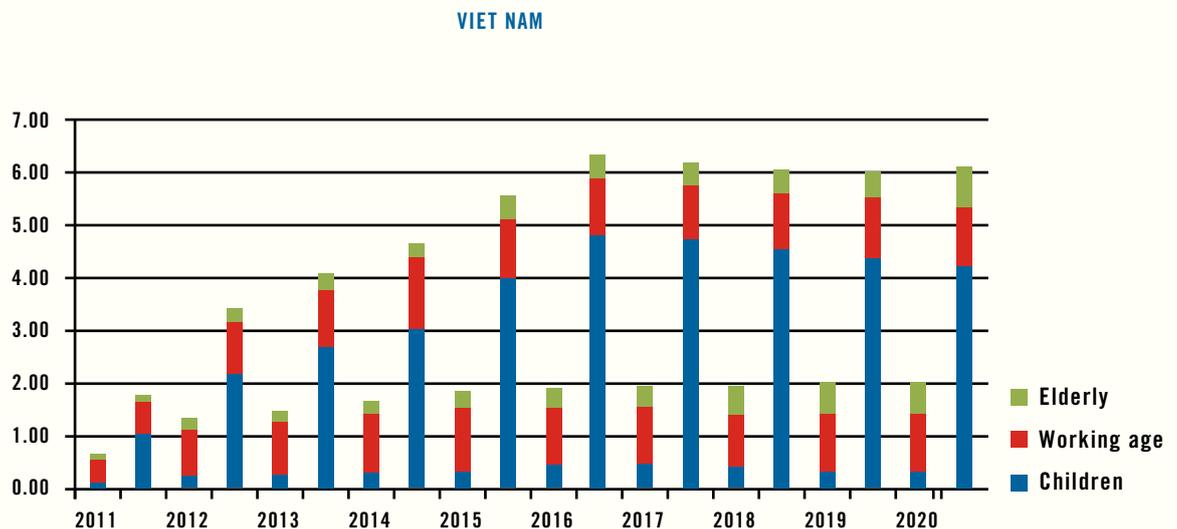


Figure 6  
Cost estimate of low and high combined benefit packages in percentage of GDP.  
Source: Cichon, M.; Bonnet, F.; Schmitt, V.; Galian, C.; Mazeikaite, G.,  
ILO RAP model for Viet Nam, 2011.

### Affordability and Fiscal Space

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

The social protection schemes proposed as a result of the ABND exercises are feasible only if and when the country concerned can afford to fund new social protection benefits. Affordability is assessed by calculating the cost of the new social protection schemes and comparing it with GDP. If the estimated cost of implementing a proposed social protection scenario is 1 per cent of GDP for instance, it may be argued that the country in question can afford to extend the additional social protection benefits.

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

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

Fiscal space is defined for the purposes of this exercise as the budgetary capacity of a government to provide resources for a desired purpose without jeopardising the sustainability of its financial position or the stability of the economy. In cases where budgetary capacity is not sufficient, the government may create additional fiscal space by raising corporate income tax, value added tax or personal income tax, borrowing from international institutions or markets, or cutting down on low priority expenses. However, borrowing beyond a certain extent has to be carefully considered, as it may compromise macroeconomic sustainability in the long term.

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

### Step 3: Finalisation and Endorsement of the ABND Reports

Subsequent to formulation of the social protection recommendations and their costing using the RAP model, proposals were shared with government representatives, workers, employers, and civil society organisations with a view to technically validating the report and receiving political endorsement.

Technical validation includes the confirmation of the description of the social security situation (the assessment matrix), endorsement of the proposed social protection scenarios and validation of the parameters and assumptions used in the cost calculations. The technical validation process can be quite lengthy and time consuming, given the number of actors involved (particularly the number of relevant ministries: health, education, labour, social affairs, planning, finance and so on). In Thailand, a national coordination mechanism was helpful in speeding up the process; the National Commission on Social Welfare—which includes representatives of all relevant line ministries—coordinated and compiled all technical comments on the draft report.

While stakeholders involved in the technical validation process may have some influence, they may not be in a position to make final decisions on future or additional social protection provisions. As such, political endorsement was also necessary to ensure that ministerial level stakeholders would endorse major policy changes.

Furthermore, as the recommendations included in the ABND reports relate to more than one guarantee of the social protection floor, decisions on the most relevant or priority scenarios for a country cannot be made by one ministry alone, but require the approval of several line ministries. Therefore in addition to specific line ministries (health, education, social affairs, labour), it was necessary to secure the support of the respective prime ministers' offices, ministries of finance and ministries of planning.

The endorsement process may involve:

- Bilateral meetings with high level policy-makers to explain the recommendations and seek their support;
- Inviting high level policy-makers to write an acknowledgement of the report;
- Organising a high-level launch event for the report with press coverage;
- Developing a number of tools (videos, leaflets) to explain the main recommendations of the report;
- Involving civil society networks, workers' and employers' representatives to advocate for some of the recommendations.

In Thailand, for example, the ILO presented the report to the Minister of Labour, Minister of Social Development and Human Security, Secretary General of the National Economic and Social Development Board (NESDB), the Prime Minister's Office and relevant permanent secretaries. ILO secured their participation in the report

launch and their agreement to write an acknowledgement for the report. The report was launched at Government House by the Minister attached to the Office of the Prime Minister, together with the Minister of Labour and the Minister of Social Development and Human Security. More than 300 participants representing the Royal Thai Government, Thai workers' and employers' organisations, civil society, academia, embassies and international organisations attended the event. This major event lent high visibility to ILO's work in Thailand, and paved the way for future collaboration between the UN Country Team in Thailand and the Royal Thai Government in further supporting the recommendations of the ABND report.

In Indonesia, the ILO presented the final report to the Vice Minister of Planning and Development (Bappenas) and gained support from Bappenas for a joint launch of the assessment report on 6 December 2012. The recommendations and cost projections contained in the report were recognised by the government as useful tools to inform ongoing policy discussions in the framework of the implementation of the new social security law (Sistem Jaminan Sosial Nasional, SJSN) as well as the further extension of anti-poverty programmes. Indonesia has consequently become the first ILO member state to pursue concrete follow-up action immediately after the adoption of the ILO Social Protection Floors Recommendation, 2012 (No. 202) at the 101st International Labour Conference. The ILO together with the relevant members of the United Nations Partnership for Development Framework (UNPDF)<sup>20</sup> sub-working group on social protection are now using the assessment report to advocate for government endorsement of some of the recommendations. Some progress has already been achieved with the inclusion of the ABND report's recommendations on HIV-sensitive social protection in the Health Ministry's strategy to combat HIV and AIDS. In addition, Bappenas requested the publication of 500 additional copies of the report for wide dissemination across line ministries and provincial governments.

## CONCLUSION

The ABND exercises carried out in Cambodia, Indonesia, Thailand and Viet Nam produced useful baseline surveys of the social protection situation in each country, in turn enabling identification of policy and implementation gaps in line with the four guarantees of the social protection floor, as set out in ILO Recommendation 202. The assessment matrices informed the development of both policy proposals and costing models for implementing measures to close social protection gaps in each country. While these products – the ABND matrix, list of

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

The use of a national dialogue with representatives from government, non-government, workers' and employers' organisations to produce the ABND matrix allows the social protection situation to be captured from a range of perspectives and enables progressive consensus-building on key social protection ideas in line with the four SPF guarantees. This facilitates a holistic definition of a national SPF that aligns with the visions of different segments of society—and thus will vary from one country to another.

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

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

- Provision of technical and policy guidance to stakeholders involving similar social protection assessment exercises in other countries;
- Development of a Good Practices Guide for conducting ABNDs to be used as a training resource for policy-makers and to inform the conduct of social protection assessments at country level; and
- Organisation of hands-on training workshops on the SPF at country and regional levels.

The Good Practices Guide will be part of a global effort by the ILO to develop good practices guides on social security - one of the key goals of the ILO's Social Security for All strategy.<sup>21</sup>

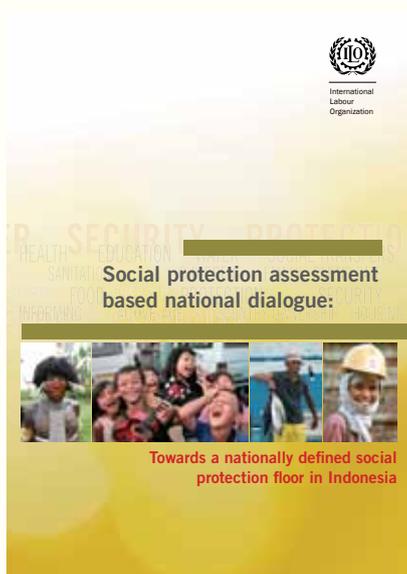
These efforts will contribute to the development of a comprehensive knowledge base on the social protection situation in Asia and consequently, to the further development of national SPFs in all Asian countries (and beyond)<sup>22</sup> in the coming years. ■

## Endnotes

The endnotes in this article are published in its original format as requested by the authors.

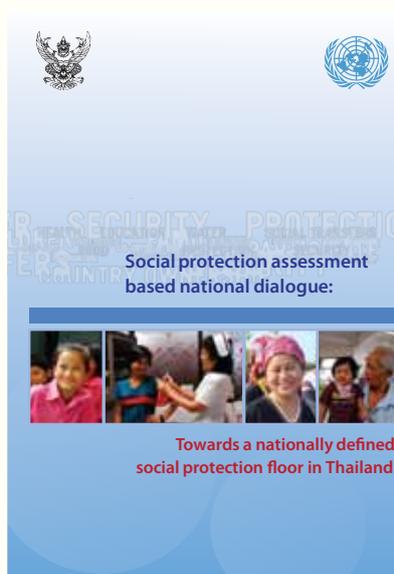
- 1 The authors wish to acknowledge the authors of the SPF assessment reports upon which this paper is based, namely Michael Cichon, Florence Bonnet, Carlos Galian, Gintare Mazeikaite, Jean-Claude Hennicot, Wolfgang Scholz, Sinta Satriana, Dr Thaworn Sakunphanit, Orawan Prasitsiriphol, and the many others who contributed to the compilation and production of each respective report.
- 2 The ABND exercises were supported by the ILO-Korea partnership programme, Government of the Netherlands, Government of Finland, UN Office for South-South Cooperation, Grand Duchy of Luxemburg and ILO-European Union project.
- 3 For Cambodia, see: Hennicot, J-C and Scholz, W., *Cambodia: Social Protection Expenditure and Performance Review*, EU/ ILO Project on 'Improving Social Protection and Promoting Employment', in cooperation with the GIZ Social Health Protection Programme, Cambodia, in the context of the P4H initiative (ILO, Geneva, 2012), available at: [www.social-protection.org/gimi/gess/RessShowRessource.do?ressourceId=30950](http://www.social-protection.org/gimi/gess/RessShowRessource.do?ressourceId=30950) [accessed 28 July 2013] and Hennicot, J-C., *Cambodia: Financial assessment of the National Social Protection Strategy for the Poor and Vulnerable*, EU/ ILO Project on 'Improving Social Protection and Promoting Employment', (ILO, Geneva, 2012), available at: [www.ilo.org/brussels/meetings-and-events/WCMS\\_196003/lang-en/index.htm](http://www.ilo.org/brussels/meetings-and-events/WCMS_196003/lang-en/index.htm) [accessed 28 July 2013]. For Indonesia, see: Satriana, S. and Schmitt, V., *Social protection assessment based national dialogue: Towards a nationally defined social protection floor in Indonesia* (ILO Jakarta Office, Jakarta, 2012), available at: [www.ilo.org/jakarta/whatwedo/publications/WCMS\\_195572/lang-en/index.htm](http://www.ilo.org/jakarta/whatwedo/publications/WCMS_195572/lang-en/index.htm) [accessed 28 July 2013]. For Thailand, see: Schmitt, V., Sakunphanit, Dr. T. and Prasitsiriphol, O., *Social protection assessment based national dialogue: Towards a nationally defined social protection floor in Thailand*, (ILO UN Country Team Thailand, Bangkok, 2013), available at: [www.ilo.org/secsoc/information-resources/publications-and-tools/books-and-reports/WCMS\\_213264/lang-en/index.htm](http://www.ilo.org/secsoc/information-resources/publications-and-tools/books-and-reports/WCMS_213264/lang-en/index.htm) [accessed 28 July 2013]. For Vietnam, see: Cichon, M.; Bonnet, F.; Schmitt, V.; Galian, C.; Mazeikaite, G., *Analysis of the Viet Nam National Social Protection Strategy (2011-2020) in the context of social protection floors objectives: A rapid assessment*, Extension of Social Security (ESS) Paper No. 32 (ILO Social Security Department, Geneva, 2012), available at: [www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS\\_207667/lang-en/index.htm](http://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS_207667/lang-en/index.htm) [accessed 28 July 2013]
- 4 See, for example: ILO, *Social protection floor for a fair and inclusive globalization: Report of the Advisory Group chaired by Michelle Bachelet Convened by the ILO with the collaboration of the WHO*, (ILO, Geneva, 2011), p. 16, available at: [www.ilo.org/global/publications/books/WCMS\\_165750/lang-en/index.htm](http://www.ilo.org/global/publications/books/WCMS_165750/lang-en/index.htm) [accessed 28 July 2013]; Ghosh, J., 'Social protection is the best foundation', *Guardian* UK, 8 November 2011, available at: [www.guardian.co.uk/global-development/poverty-matters/2011/nov/08/report-social-protection-floor-economy](http://www.guardian.co.uk/global-development/poverty-matters/2011/nov/08/report-social-protection-floor-economy) [accessed 28 July 2013]; International Social Security Association (ISSA), 'International support for social protection floor gathers momentum', ISSA website, 8 November 2011, available at: [www.issa.int/News-Events/News2/International-support-for-the-social-protection-floor-gathers-momentum](http://www.issa.int/News-Events/News2/International-support-for-the-social-protection-floor-gathers-momentum) [accessed 28 July 2013].
- 5 The Initiative supports countries to plan and implement sustainable social protection schemes and essential social services. A global coalition was built to work on SPF-I, comprising UN agencies, the IMF and World Bank, development partners and leading NGOs. For further information on the SPF coalition and advisory group, see 'About the Social Protection Floor', Social Protection Floor Gateway website (undated) [www.socialprotectionfloor-gateway.org/4.htm](http://www.socialprotectionfloor-gateway.org/4.htm) [accessed 22 July 2013] and 'The Social Protection Floor', Global Extension of Social Security (GESS) website, 2013, [www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1321](http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1321) [accessed 22 July 2013].
- 6 The final communiqué of the G20 meeting in November 2011 acknowledged 'the importance of social protection floors in each of our countries, adapted to national situations': *G20 Heads of State Meeting in Cannes, 3-4 November 2011: Final Communiqué*, para 6 (G20, 2011), available at: [www.g20.org/documents/](http://www.g20.org/documents/) [accessed 22 July 2013].
- 7 The outcome document of the Millennium Development Goals (MDGs) Summit adopted by the General Assembly in September 2010 states that 'promoting universal access to social services and providing a social protection floor can make an important contribution to consolidating and achieving further development gains'. The Summit conclusions additionally included the SPF approach at the top of the stated development agenda. General Assembly, A/65/L.1, *Keeping the promise: united to achieve the Millennium Development Goals*, (19 October 2010), available at: [www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/65/1](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/65/1) [accessed 22 July 2013]. See also: UN System Task Team on the Post-2015 UN Development Agenda, *Social protection: A development priority in the post-2015 UN development agenda*, Thematic Think Piece by ECA, ILO, UNCTAD, UNDESA and UNICEF (May 2012), available at: [www.un.org/en/development/desa/policy/untaskteam\\_undf/thinkpieces/16\\_social\\_protection.pdf](http://www.un.org/en/development/desa/policy/untaskteam_undf/thinkpieces/16_social_protection.pdf) [accessed 22 July 2013].
- 8 See: R202 - *Social Protection Floors Recommendation, 2012 (No. 202)*, Recommendation concerning National Floors of Social Protection, adopted at 101st ILC session, Geneva, 14 Jun 2012, available at: [www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100\\_INSTRUMENT\\_ID:3065524](http://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100_INSTRUMENT_ID:3065524) [accessed 22 July 2012]. The ILC also adopted a Resolution

- concerning efforts to make national social protection floors a reality worldwide, which invites governments, employers and workers to jointly give full attention to implementing Recommendation No. 202 as soon as national circumstances permit. See: 'Resolution I of ILO', *Resolutions adopted by the International Labour Conference at its 101th Session (Geneva, June 2012)*, ILO website, 29 November 2012, available at: [www.ilo.org/ilc/ILCSessions/101stSession/texts-adopted/WCMS\\_194631/lang-en/index.htm](http://www.ilo.org/ilc/ILCSessions/101stSession/texts-adopted/WCMS_194631/lang-en/index.htm) [accessed 22 July 2013].
- 9 UN Economic and Social Commission for Asia and the Pacific (ESCAP), *Resolution 67/8 on Strengthening social protection systems in Asia and the Pacific*, 25 May 2011, available at: [www.unescap.org/EDC/English/AnnualReports/2011-Resolutions-E67\\_23E.pdf](http://www.unescap.org/EDC/English/AnnualReports/2011-Resolutions-E67_23E.pdf) [accessed 22 July 2013]
  - 10 ILO, *Conclusions of the 15th Asia and the Pacific Regional Meeting*, Kyoto, Japan, 4-7 December 2011, available at: [www.ilo.org/global/meetings-and-events/regional-meetings/asia/aprm-15/reports/WCMS\\_169589/lang-en/index.htm](http://www.ilo.org/global/meetings-and-events/regional-meetings/asia/aprm-15/reports/WCMS_169589/lang-en/index.htm) [accessed 22 July 2013].
  - 11 The ASEAN Declaration on Strengthening Social Protection was adopted at the Eighth ASEAN Ministerial Meeting on Social Welfare and Development held in Siem Reap, Cambodia on 6 September 2013. The declaration will be submitted to Leaders at the 23rd ASEAN Summit in October 2013 in Brunei Darussalam. The Declaration affirms that everyone, especially those who are poor, at risk, persons with disabilities, older persons, out-of-school youth, children, migrant workers and other vulnerable groups are entitled to equitable access to social protection that is a basic human right. See: 'Joint Statement of the Eight ASEAN Ministerial Meeting on Social Welfare and Development (8th AMMSWD)', 6 September 2013, available at: <http://www.asean.org/news/asean-statement-communicues/item/joint-statement-of-the-eight-asean-ministerial-meeting-on-social-welfare-and-development-8th-ammswd>
  - 12 The RAP uses a simple methodology that builds on single age population projections, single age estimates of labour force participation rates; along with a relatively crude economic scenario determined by assumptions about overall GDP growth, productivity, inflation, wages and poverty rates. The model uses these variables as drivers of expenditure and revenues starting from initial statistical values given for the last observation years.
  - 13 This following section summarises some of the key findings from the ABND exercises carried out in Cambodia, Indonesia, Thailand and Viet Nam. Please see the full ABND reports as referenced in Endnote 3 for the full assessment matrices and findings.
  - 14 There is no single accepted definition of what constitutes a public works programme, however for the purposes of this paper and the ILOs approach, the following definition is appropriate: "Public Works Programmes (PWP) refer to the more common and traditional public employment programmes; although these may be a temporary response to specific shocks and crises, public works programmes can also have a longer-term horizon. Cash and food for work programmes are included in this term". See Lieuw-Kie-Song, M. and Philip, K., *Mitigating a Jobs Crisis: Innovation in Targeted Employment Programmes*, Employment Sector Employment Report No. 6 (ILO, Geneva, 2010) Available at [www.ilo.int/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_142973.pdf](http://www.ilo.int/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_142973.pdf)
  - 15 Indexation refers to the adjustment of benefits according to measures such as the Consumer Price Index (CPI), a statistical estimate constructed using the prices of a sample of consumer goods and services purchases by households and used as a measure of inflation. Thus to index social security benefits allows for the adjustment of benefit levels in response to the impact of inflation has on their real value.
  - 16 For the full list of policy options costed and details of calculations/combined benefit scenarios, see pp. 13-27 of Hennicot, J-C (2012), op. cit.
  - 17 For the full list of policy options costed and details of calculations/combined benefit scenarios, see pp.59-73 of Satriana, S. and Schmitt, V. (2012), op. cit.
  - 18 For the full list of policy options costed and details of calculations/combined benefit scenarios, see pp. 52-70 of Schmitt, V., Sakunphanit, Dr. T. and Prasitsiriphol, O. (2013), op. cit.
  - 19 For the full list of policy options costed and details of calculations/combined benefit scenarios, see pp. 25-31 of Cichon, M.; Bonnet, F.; Schmitt, V.; Galian, C.; Mazeikaite, G. (2012), op. cit.
  - 20 For further information about the UNPDF, see: Government of the Republic of Indonesia and United Nations, *United Nations Partnership for Development Framework 2011-2015: Indonesia* (Indonesia, 2010), available at [www.un.or.id/en/what-we-do/partnership-for-development](http://www.un.or.id/en/what-we-do/partnership-for-development)
  - 21 Point (l) of 'The role of the ILO and follow up' states that the ILO will 'develop in cooperation with ILO constituents a social security good practices guide that provides member States with practical guidance and benchmarks to evaluate and enhance their national social protection provisions, including general and financial social security management, benefit design and good governance'. See: ILO, *Social security for all. Building social protection floors and comprehensive social security systems. The strategy of the International Labour Organization*, p. 25 (ILO Social Security Department, Geneva, 2012), available at: [www.ilo.org/secsoc/information-resources/publications-and-tools/books-and-reports/WCMS\\_SECSOC\\_34188/lang-en/index.htm](http://www.ilo.org/secsoc/information-resources/publications-and-tools/books-and-reports/WCMS_SECSOC_34188/lang-en/index.htm) [accessed 21 August 2013]
  - 22 Preliminary social protection assessment activities have been initiated or are planned for Laos, Myanmar, Mongolia, the Solomon Islands, and Vanuatu.



Title: *Social Protection Assessment Based National Dialogue: Towards a Nationally Defined Social Protection Floor in Indonesia*  
 Authors: V. Schmitt, S. Satriana  
 Year of publication: 2012  
 Publisher: International Labour Organization (ILO)

Forthcoming title:  
*Social Protection Assessment Based National Dialogue: A Good Practices Guide*  
 Authors: Valerie Schmitt and Loveleen De (Bangkok)  
 Publisher: ILO Decent Work Technical Support Team for East, South-East Asia and the Pacific, in Bangkok



Title: *Social Protection Assessment Based National Dialogue: Towards a Nationally Defined Social Protection Floor in Thailand*  
 Authors: V. Schmitt, T. Sakunphanit, O. Prasitsiriphol  
 Publisher: International Labour Organization (ILO)  
 Year of publication: 2013