



ILO/Japan  
Multi-bilateral  
Programme

## Project Extending social security in ASEAN (2014-2016)



International  
Labour  
Organization

### Technical experts' networking on extension of social protection coverage in ASEAN

23-24 May 2017, Bangkok, Thailand

#### ASEAN's commitment to extend social protection

Despite significant progress in expanding social protection during the last decades marked by the introduction of new social insurance and tax-funded social protection schemes across all ten ASEAN countries, still a large portion of their population remains excluded from social protection coverage. For contributory schemes, a major challenge is the limited effective coverage of some categories of workers. Even for those who are legally covered by social insurance schemes, enforcement of social security laws to achieve effective coverage remains a challenge in countries where business is dominated by small and medium enterprises, and own-account workers and unpaid family workers still represent nearly half of the work force (ILO, 2016<sup>1</sup>). For instance, even when those workers are legally covered; challenges to afford the costs and comply with the regularity of contribution; complex and burdensome administrative procedures; lack of enforcement and monitoring mechanisms; lack of information, awareness and trust are barriers that hinder access to social protection. For non-contributory programmes, the limited aggregate level of public social protection expenditure and fiscal consolidation, as well as shortcomings in targeting mechanisms and delivery of services, contribute to leaving many without protection. As a result, coverage gaps persist. For instance, only 46.2 per cent of the workforce of the ASEAN countries (excluding Myanmar due to lack of data) are legally covered by work injury schemes – most of which are social insurance-based, ranging from a low 6.7 per cent to a high 88 per cent . For those of old age, only 30 per cent receive a monthly pension from either contributory or tax-funded schemes. Even when old-age pension exists, the level of benefit is often inadequate.

Extension of countries' social protection coverage is becoming more urgent as the ASEAN Economic Community (AEC) committed to integration. The overall gains resulted from the economic integration will not be distributed evenly; while some sectors will flourish, others are likely to see job losses (ILO, ADB, 2014). Poor workers, workers without the right skills and workers in vulnerable employment may not be able to seize the new opportunities created by the ASEAN economic integration. Vulnerable employment remains high, at 54.1 per cent in 2015, and the share of workers living in poverty – i.e. those living on less than US\$3.10 (PPP) per day – is estimated at 25.7 per cent. Gender gaps in employment also persist as shown by the low participation rates for women compared to men. In addition, women are more represented in vulnerable forms of work, particularly unpaid family work, which accounts for nearly one in five females employed in Asia-Pacific (ILO, 2016b).

Social protection, as part of the Sustainable Development Agenda, will play a crucial role in ensuring that no one is left behind by guaranteeing income security and facilitating access to health, education, skills, and decent employment, and ultimately increasing economic growth.

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<sup>1</sup> ILO. 2016. World Employment and Social Outlook 2016: Transforming jobs to end poverty.

In October 2013, in Brunei Darussalam, ASEAN Heads of State adopted a **Declaration on Strengthening Social Protection** as one of the key priority areas to achieve growth with equity. It specifically states: *“Extending coverage, availability, quality, equitability and sustainability of social protection should be gradually promoted to ensure optimal benefits to the beneficiaries”*.<sup>2</sup> The Regional Framework and Action Plan to implement the Declaration<sup>3</sup> specifically dedicates one component on extension of coverage to informal workers, *“including but not limited to self-employed, micro-entrepreneurs, small farmers, and fisher folks”*, as defined in the Framework.

### Approaches for extending social protection coverage

Successful examples of the extension of social security coverage have focused on two broad policy approaches. First, the extension of social security can be pursued through the “formalization” of jobs in certain sectors yet not covered, small and medium enterprises, family businesses, domestic workers and own-account workers, thus focusing mainly on employment-based social protection mechanisms (typically social insurance). However, contributory schemes would have to be adapted to the ASEAN labour market characteristics, particularly to the many workers in non-standard forms of work and informal employment. Such measures call for innovative policies, but also for efforts from social security administrations and labour inspectorates to find new solutions for law and compliance enforcement. Second, the extension of social security can be pursued through a large-scale extension of tax-funded social protection mechanisms, independently of their employment status<sup>4</sup>. In the ASEAN region, such approach would require larger investment in public social protection.

Worldwide experiences show that successful extension of coverage has relied on the close articulation between the two approaches, i.e. between contributory and tax-funded systems. In some countries, i.e. Japan, Thailand, such articulation has taken the form of a multi-tier system. Other countries have opted for a contributory approach with a high level of subsidization, i.e. China, Mongolia. Experience shows that the way countries will combine the system and reach universal social protection is specific to each national context and call for innovative policy solutions.

### ILO’s contribution to the extension of social protection coverage

The principles set out in the ASEAN Declaration on Strengthening Social Protection echo ILO’s principles, in particular those of the Social Protection Floors Recommendation, No.202 (2012), adopted by the representatives of the Government, Workers and Employers of 187 ILO Member States, including ASEAN countries. Since 2012, the Recommendation No.202 has served as an accelerator of social protection extension while providing concrete guidance to countries. In 2015, the ILO adopted the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) which recognizes the lack of protection of workers in the informal economy, and provides guidance for improving their protection, including social protection, and facilitating transitions to the formal economy.

In 2016, the Government of Japan entrusted the ILO to support ASEAN member States in their efforts to expand social protection coverage, through the implementation of the ILO-Japan Project “Extending social security in ASEAN” (hereafter ESSA Project). Over the next 18 months, the ESSA project will support ASEAN tripartite constituents in the search for innovative solutions to extend social protection.

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<sup>2</sup> <http://www.social-protection.org/gimi/gess/RessourceDownload.action?ressource.ressourceId=41679>

<sup>3</sup> [http://www.asean.org/wp-content/uploads/images/2015/November/27th-summit/ASCC\\_documents/ASEAN\\_Framework\\_and\\_Action\\_Plan\\_on\\_Social\\_ProtectionAdopted.pdf](http://www.asean.org/wp-content/uploads/images/2015/November/27th-summit/ASCC_documents/ASEAN_Framework_and_Action_Plan_on_Social_ProtectionAdopted.pdf)

<sup>4</sup> ILO. *Forthcoming. Extending social security to workers in the informal economy: Lessons from international experience (Geneva)*.

The process will conclude with an ASEAN tripartite seminar on extension of social security coverage, in November 2018. To nourish the discussions of the tripartite seminar, the project will support research work, country experience review, experts' discussions, capacity building activities and training, including activities specifically for workers' and employers' representatives.

It is proposed to organize the first experts' networking on 23 and 24 May 2017, in Bangkok, Thailand. The discussions outcomes will be reported and further discussed in larger regional forums and tripartite national workshops, notably:

- a Regional Course on Extension of Social Protection, 9-16 October 2017, in Jakarta, Indonesia;
- during regional employers and workers' activities early 2018; and
- the ASEAN tripartite seminar in November 2018.

### **Objectives and content of the experts' networking**

The gathering of experts has a twofold objective:

- stimulate new ideas and innovations for extending social security coverage in ASEAN, reflecting on concrete country experiences;
- create a network of experts that can contribute to further research in this area and be deployed to provide assistance to ASEAN member States in their efforts to extend social protection coverage.

### **Building a network of experts**

Expected participants are experts, policy makers and practitioners directly involved in social protection policy-oriented research, as well as the design, implementation and monitoring of social protection policies, schemes and programmes of selected ASEAN countries and worldwide. The size of the meeting is limited to 20 experts to encourage active discussions.

## Tentative agenda

<b>Day 1. Learning about ASEAN context and challenges to extend social protection</b>		
08.30-09.30	<b>Session 1: Introduction session</b> Why this meeting? What do we expect to take home? Who and why are we part of this networking?	Celine Peyron Bista, Chief Technical Advisor on Social Protection, ILO
09.30-10.30	<b>Session 2: reviewing the situation in ASEAN</b> What we should know about this region: <ul style="list-style-type: none"> <li>Economic and employment situation, challenges ahead when it comes to extend social protection: ageing, slow formalization, low social protection expenditures, growing inequalities, governance and lack of trust in public institutions</li> <li>The ASEAN regional integration process: an opportunity</li> </ul>	Nuno Cunha, Senior Social Protection Specialist, ILO  Elizabeth Villagómez, International Consultant and Independent Researcher
10.30-11.00	Break	
11.00 – 12.00	<b>Session 2 (continued): reviewing the situation in ASEAN</b> What are the challenges at micro-level? Obstacles to the extension: findings of the assessment in Viet Nam and Indonesia	Paulette Castel, International Consultant on Social Policies
12.00-13.00	Lunch	
13.00-15.00	<b>Session 3: Discussing the main obstacles to the extension of social protection coverage in ASEAN:</b> <ul style="list-style-type: none"> <li>* drivers of informality</li> <li>* segments of the labour market legally excluded</li> <li>* issues in design</li> <li>* heavy administration, weak governance</li> <li>* financing of social protection</li> </ul>	Open discussion with inputs from: WIEGO Viet Nam Indonesia Cambodia Myanmar
15.00-15.30	Break	
<b>Thinking of possible solutions and innovations for ASEAN</b>		
15.30-16.30	<b>Session 4: Extension of social protection, a global priority</b> Sustainable Development Goals ILO Social Protection Floors Recommendation, 2012 (No. 202) and ILO Transition for the Informal to the Formal Economy Recommendation, 2015, (No.204)	ILO UNESCAP
<b>Day 2: Thinking of possible solutions and innovations for ASEAN (continued)</b>		
8.30-12.00	<b>Session 5: Learning from countries' experiences</b> <ul style="list-style-type: none"> <li>* China: extension of old-age pension</li> </ul>	Experts from the listed countries will lead the group discussions

	<ul style="list-style-type: none"> <li>* Mongolia; Myanmar: extension of maternity protection</li> <li>* India; Indonesia; Cambodia: Worker Welfare Funds, special scheme for construction workers</li> <li>* Philippines; Thailand: Universal health care; tax-funded or social health insurance?</li> <li>* XXXX: social protection of women in the informal economy</li> <li>* Uruguay/Argentina; Singapore: simplification of procedures, link with tax system</li> <li>* Mongolia; XXXX: linking business registration, access to governments' preferential loans and programmes, commercial bank loans to payment of social insurance contribution</li> <li>* Viet Nam; XXXX: Communication and awareness raising</li> </ul>	
12.00-13.00	Lunch	
13.00-16.00	<p><b>Session 6: Thinking of innovations for ASEAN countries</b></p> <p>What has been learnt, what would not work, what could be further explored?</p> <p>Discussion per country: starting shaping innovative solutions.</p>	