Experiences around the world
Experiences in Asia

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ILO DWT Bangkok
## Time management

<table>
<thead>
<tr>
<th>Activity</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPT &amp; Distribution of SP Country briefs</td>
<td>30 minutes</td>
</tr>
<tr>
<td>Explanation of the Group work</td>
<td>5 minutes</td>
</tr>
<tr>
<td>Organization in groups</td>
<td>5 minutes</td>
</tr>
<tr>
<td>Group work: reading &amp; discussion</td>
<td>30 minutes</td>
</tr>
<tr>
<td>Groups reporting to the class</td>
<td>5 minutes per group -&gt; 30 minutes</td>
</tr>
<tr>
<td>Questions &amp; answers</td>
<td>10 minutes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>110 minutes</strong></td>
</tr>
</tbody>
</table>
PART I - CONTEXT

1. Growing with inequity
2. Social protection did not play its redistributive role
3. Major shift with the crisis
Growing with inequity

• Over the past ten years, the benefits of growth in Asia have not been equitably shared, levels of poverty remain very high and inequalities are increasing in most countries …
The benefits of growth have not been equitably shared.
Levels of poverty remain very high

Source: ADB, Key Indicators for ASIA and the Pacific 2010

% population below 2$ PPP per day

Source: ADB, Key Indicators for ASIA and the Pacific 2010
Inequalities are increasing in many countries

**Gini coefficient** (value of 0 = total equality and value of 1 = maximal inequality)

Source: ADB, Key Indicators for ASIA and the Pacific 2010
Social protection did not play its redistributive role

- Government spending on social protection remains low …
- Social protection schemes cover formal sector workers leaving the vast majority with no coverage …
Public spending on social protection remains low

Source: ADB, Key Indicators for ASIA and the Pacific 2010
Public spending on social protection remains low

Total public social protection in percentage of GDP - regional estimates
Weighted by population

Expenditures on healthcare and social security = 5.3 per cent of GDP in Asia and Pacific

Source: ILO, Social Security Inquiry
Social protection schemes cover only a small share of population …

Social security schemes often target formal sector employees, leaving informal economy workers with no protection at all. Effective coverage is even lower than legal coverage (delivery problems, enforcement problems).

Source: ILO, Social Security Inquiry
... leaving the vast majority with no adequate coverage

Out-of-pocket payments is one of the indicators of social health protection inadequacy of coverage that can be linked with:
- Low percentage of the population covered
- Low levels of benefits
- Inadequate design (e.g. coverage of only hospital care)
Major shift with the crisis and Recognition that …

- Social protection is a social and economic stabilizer
- Social protection enhances productivity at enterprise level
- Redistribution has a positive impact on consumption & the development of domestic market
- A basic level of social protection for all is affordable in Asia
… Social protection is a social and economic stabilizer

### Social protection measures in the stimulus packages in Asia

<table>
<thead>
<tr>
<th>Measure</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased support to low-income households (CCTs and social assistance)</td>
<td>Bangladesh (destitute women and others), Nepal (children, elderly, deprived castes), Viet Nam, India (widows, disabled), China (returning migrants), Philippines (CCT, very poor)</td>
</tr>
<tr>
<td>Increased targeting of employment programmes at the poor</td>
<td>Cambodia (small projects in rural areas), Viet Nam (infrastructure in poorest districts), Philippines, Pakistan, India</td>
</tr>
<tr>
<td>Increasing coverage or level of old age pensions and support to the elderly</td>
<td>Bangladesh, Nepal, China</td>
</tr>
<tr>
<td>Increasing coverage of unemployment benefits</td>
<td>Viet Nam, China</td>
</tr>
<tr>
<td>Measures to protect migrant workers</td>
<td>Bangladesh, Nepal, Viet Nam India (Kerala), Philippines, Pakistan</td>
</tr>
</tbody>
</table>
… Social protection enhances productivity at enterprise level

Rice milling and production; 40% of rice exportations of Cambodia

Mr Sok Hach, President
“Social protection is affordable and people are happy, therefore work harder with high productivity”.

Wages:
- Minimum = 100 US $/ month
- Average = 250 US $/ month.

Working hours = 8 hours / day. 3 shifts of 8 hours each. Interdiction of excessive overtime (more than 2 extra hours / day).


Shift from daily to monthly wages including also an annual number of “days off” (250 working days per year). The workforce is less volatile and can therefore be trained (investment in capacities).

Recruitment of unskilled workers in the neighboring country side → local development.
… Redistribution has a positive impact on consumption & the development of domestic market

- Indonesia or China (larger domestic market) versus Cambodia (export led economy)

<table>
<thead>
<tr>
<th>Unemployment rates</th>
<th>Evolution 2009/2007</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td>Brunei</td>
<td>3.2</td>
<td>4.8</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10.8</td>
<td>10.4</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>5.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Philippines</td>
<td>8.7</td>
<td>8</td>
</tr>
<tr>
<td>Singapore</td>
<td>3.6</td>
<td>3</td>
</tr>
<tr>
<td>Thailand</td>
<td>1.9</td>
<td>1.5</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>1.9</td>
<td>2.4</td>
</tr>
<tr>
<td>China</td>
<td>9.8</td>
<td>9</td>
</tr>
<tr>
<td>Japan</td>
<td>4.4</td>
<td>4.1</td>
</tr>
<tr>
<td>Rep of Korea</td>
<td>3.7</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Source:
- CIA World Factbook
- Labostat
... Redistribution has a positive impact on consumption & the development of domestic market

- China: from an export lead model to the development of the domestic market:
  - Widespread consensus that the extreme export dependency of the Chinese economy must be reduced in the long-run
  - Strong willingness to develop domestic consumption to stabilize aggregate demand in the economy

- The development of reliable and universal social protection schemes was seen as a means to develop the domestic market
  - Because protected households would reduce the extraordinary high national savings rate
  - And consume more
A basic level of social protection is affordable in Asia

A minimum package of social security benefits is possible from a financial and macro-economic point of view in most countries in the Asia-Pacific region and would cost 3 to 5% of GDP.

- universal basic old age and disability pensions;
  - basic child benefits;
  - universal access to essential health care;
  - social assistance for the working poor and unemployed

*Mizunoya, S et al “Can Low Income Countries Afford Basic Social Protection? First Results of a Modelling Exercise for Five Asian Countries*
… A basic level of social protection is affordable in Asia

- In India, the high growth rate (averaging around 8% per annum during the past couple of decades) provided an opportunity to undertake various social protection initiatives for its population. It also created the necessary fiscal space to take such steps.
- The Unorganized Workers’ Social Security Act, 2008 was legislated to provide a framework for social protection to the “unorganized sector” (430 million).
- In most Asian countries, however, taxation systems are
  - **Relatively weak** – Capacity of governments to fund services and redistribute income is limited.
  - **Not progressive** - Corporate tax rates and those on high income-earners are kept low; Consumption taxes (that weigh more heavily on the poor, given their higher share of income that is spent on consumption) have changed little in the past years.
PART II – COUNTRY SITUATIONS


2. Relevance of the Social Security Staircase

- SPF in Asia – definition & examples
- China
- India
- Thailand
- Readings: SPF country briefs
SPF in Asia - definition

• A set of basic social rights, services and facilities that each member of society should enjoy.

• A SPF should consist of:

  Availability of essential services:
  - Housing, WATSAN,
  - Education/skills,
  - Health care supply,
  - Food/Nutrition,
  ...

  Accessibility of these services through basic transfers in cash or in kind:
  - Subsidized health insurance / health cards,
  - Scholarships & school buses,
  - Minimum income support to families (family/child benefits), the working poor (cash transfers and PWPs) and the elderly (minimum pensions) ...

• Notion of availability and accessibility – both work hand in hand, are articulated.
SPF = A powerful approach to address low social protection coverage in Asia

• Conclusions of the 8th ASEM meeting, 4 & 5 October 2010
  – Heads of States and of Governments of 46 Asian and European countries noted with interest the concept of SPF
  – Leaders called for further sharing of experiences and for technical assistance in implementing social welfare policies

• Mrs Michelle Bachelet’s visit to Viet Nam in Oct 2010
  – The SPF is relevant for Viet Nam and should be used as a framework for the implementation of the National SP Strategy
  – It will make this strategy more efficient by **increasing coherence** between the three core pillars of the strategy (ALMPs, Social assistance and social insurance), and
  – by **providing a unique opportunity to develop linkages** between social protection and labour market policies targeting those working in the informal economy and SMEs.
SPF = A powerful approach to address low social protection coverage in Asia

• For the poor and the near-poor, many countries in Asia are starting implementing nation wide non-contributory or highly subsidized social protection programs or are developing national strategies to accelerate the implementation and scaling up of diverse and scattered basic social protection programs
India: RSBY, NREGA

Cambodia: CARD’s SP strategy for the poor and the vulnerable with clear reference to the SPF … including HEFs, CBHIs, Food distribution, Cash transfers, PWPs…

Indonesia: Implementation of SS Law starting with health: Jamkesmas

China: minimum living standard guarantee program; new rural corporative medical care (NRCMC); health insurance for urban uninsured residents (HIUR); rural old-age pension

Lao: extension of SHP for all

Thailand: UC scheme, minimum pension scheme (500 THB)

Vietnam: 10 years Social protection strategy
Social Protection Floor in China

• Health insurance for urban uninsured residents (HIUR)

Target: Urban uninsured residents, i.e. economically inactive populations (elderly, children and students)
Approx. 200 million people

Piloted since 2007 with a view to covering all targeted people by 2010.

Voluntary participation but significantly subsidized by the Government. The shares of subsidy as percentage of the total costs are about 36% and 56% for the elderly and children respectively in 2008.
Social Protection Floor in China

• New rural corporative medical care (NRCMC)

**Target:** 54.3% of the total population = rural.


Hospital care and treatment of serious diseases are covered, but the benefit package is still limited (finances less than 50% of the total health expenditure on average)
Social Protection Floor in China

• **Rural old-age pension**

**Target:** All rural population (elderly).

Launched in 2009 in 10% of counties. Another 13% of counties in 2010. Target = all rural population by 2020.

Consisting of two pensions:
1- flat-rate universal pension financed by the State (CNY55 per person per month, is payable to all rural residents aged 60), and
2- A pension based on the amount of savings accumulated in the individual accounts (financed by the insured persons and local cooperatives if possible). Therefore, the principle of solidarity is applied.
Social Protection Floor in China

- **Two minimum living standard guarantee programs**

  **Target:** Poor urban and rural residents.


  Since 2007, these benefits have become universally available. In 2008, there was a total of 66 million beneficiaries, nearly 5% of the total population.

  They provide income security to both urban and rural residents who maintain a revenue level below the locally-defined income threshold.
Assessment of the SPF in China

Adequacy health care = \frac{\text{minimum benefit level}}{\text{value of an adequate essential package of health services}}

Adequacy = \frac{\text{minimum level of benefits}}{\text{national poverty line}}

China has at the moment achieved about 27% of the social protection floor. The social protection floor will be fully implemented once the health care benefits levels will be increased and implementation of the rural pension scheme will be completed as planned by 2020.

<table>
<thead>
<tr>
<th>Score board for the social protection floor in China</th>
<th>Population Coverage Score</th>
<th>Adequacy Score</th>
<th>Combined score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential health care for all</td>
<td>9.17</td>
<td>6.36</td>
<td>58.35</td>
</tr>
<tr>
<td>Income security for children</td>
<td>0.70</td>
<td>6.03</td>
<td>4.24</td>
</tr>
<tr>
<td>Income security for people in active age</td>
<td>1.73</td>
<td>8.98</td>
<td>15.54</td>
</tr>
<tr>
<td>Income security for people in old age and invalidity</td>
<td>3.32</td>
<td>9.37</td>
<td>31.14</td>
</tr>
<tr>
<td>Total score</td>
<td></td>
<td></td>
<td>109.27</td>
</tr>
<tr>
<td>Percentage</td>
<td></td>
<td></td>
<td>27.3%</td>
</tr>
</tbody>
</table>
Social Protection Floor in India

- **Rashtriya Swasthya Bima Yojana (RSBY)**

  Lessons learned from previous HIS organized by local govts: poor design, insufficient funding, lack of “portability”.

  **Target** group: BPL families
  Target population: 300 million (by 2012)
  Implementation started in 2008.
  Enrolment = 70 million people.++

  **Benefits** – Ceiling =Rs. 30,000 (US$650) for a family of five for one year. Transportation charges of Rs. 1000/- (US$22) per year. Pre-existing diseases covered from day 1. One day pre-hospitalisation and five day post hospitalisation covered. No age limit.
Social Protection Floor in India

• **Rashtriya Swasthya Bima Yojana (RSBY)**

**Operation:** private insurance companies (bidding process)

**Funding:** central govt (75%) and state governments (25%) + nominal registration fee of 30 Rupees paid by the members.

**Use of technology** to minimize admin costs, and limit fraud.

• Each enrolled beneficiary receives a biometric **smart card**.
• Beneficiary can visit **any empanelled hospital** across India.
• Beneficiary is provided **cashless treatment**.
• Hospital submits **paperless claims** to the Insurance Company.
Social Protection Floor in India

<table>
<thead>
<tr>
<th>RSBY Data</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of families enrolled</td>
<td>Approx. 18 million</td>
</tr>
<tr>
<td>Persons enrolled</td>
<td>Approx. 70 million</td>
</tr>
<tr>
<td>% of people covered as of total target population</td>
<td>24%</td>
</tr>
<tr>
<td>Number of States where RSBY is being implemented</td>
<td>23</td>
</tr>
<tr>
<td>% of States which have started RSBY implementation</td>
<td>80%</td>
</tr>
<tr>
<td>Number of Hospitals empanelled</td>
<td>5945</td>
</tr>
<tr>
<td>Number of persons that have got treatment</td>
<td>850,000</td>
</tr>
<tr>
<td>Average Hospitalisation Rate</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RSBY Economic Data</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure on premium subsidy of RSBY till now</td>
<td>Rupees 8000 million</td>
</tr>
<tr>
<td></td>
<td>US$ 174 million</td>
</tr>
<tr>
<td>Expenditure on RSBY premium as a percentage of GDP</td>
<td>0.013%</td>
</tr>
<tr>
<td>Administrative Expenditure on RSBY by Government of India</td>
<td>Rupees 50 million</td>
</tr>
<tr>
<td></td>
<td>US$ 1.09 million</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour, Government of India
Social Protection Floor in India

www.rsby.gov.in
Social Protection Floor in India

• National Rural Employment Guarantee Scheme (NREGS)

**Target:** Rural unemployed and underemployed

Started in 2005, now operational in the whole country, covering 619 districts. 52.5 million households.

Self-targeting Cash-for-work programme + Guarantee of employment of 100 days per household at a specified minimum level (Rs 100 / day). If the State not able to provide 100 days of work, the Household is entitled to the payment of unemployment allowance.

Entry point for access, at work site facilities, to other social services (health services, safe water, etc.).
Social Protection Floor in Thailand

- **Universal Health Care Scheme (UCS)**

  **Target:** Every Thai citizen not covered under public SS schemes. 47 million (80% total population)

  Established in **2001**.

  **Funding:** General tax revenue

  **Benefit package:**
  - Preventive care: immunizations, checkups, premarital counseling, antenatal care, family planning, prevention and promotion.
  - Ambulatory care and in-patient care (high cost treatments: cancer treatments, open heart surgery, ARVs, renal replacement …).
  - Few exclusions (infertility, cosmetic surgery)
Social Protection Floor in Thailand

• **Universal Health Care Scheme (UCS)**

  **Registration** at primary care contracting unit (CUP) (within 30 minutes travel time from home)

  **Referral system:**
  Primary care unit acts as a gate-keeper for access to care. Treatment outside this area is limited to accident and emergency care. Referral system is used for complicated cases to hospitals or special institutes.

  **Cash less system** (benefits are provided free of charge)

  **Management Information System:**
  A national centralized online registration database links providers to public health insurance schemes. Hospital submits electronic claims to the UCS for inpatient services.
Social Protection Floor in Thailand

- **500 Bath old age pension scheme**

**Target:** Every Thai elderly person (60 years or older) who is not in elderly public facilities or does not currently receive income permanently (i.e., government pension recipients, government employed persons).

**Target population:** 6.87 million (95% of the elderly)

**Number of registered:** 5.65 million (82.2% of target)

Established in **2009.**

**Funding:** General tax revenue
Social Protection Floor in Thailand

• **500 Bath old age pension scheme**

**Benefits:** In cash benefits, 500 Baht per month

**Total fiscal expenditure:** 33,917 million Baht (approx. 0.37% of GDP)

**In the near future** implementation of an **additional pension scheme** for working population in the informal sector on top of the universal non contributory 500 Baht pension.

Basic contribution will be 100 Baht per month. Government will co-contribute on top at rates of 50, 80 and 100 Baht per month, depending on the contributor’s age.
Social protection floor in Asia (recommended readings)

- SPF country brief: China
- SPF country brief: India
- SPF country brief: Thailand
- SPF country brief: Viet Nam
2. Relevance of the Social Security Staircase

- Social security staircase
- Situation in Thailand, ILO’s support
- Situation in Viet Nam, ILO’s support
- Situation in Cambodia, ILO’s support
- Situation in Indonesia, ILO’s support
Social Security Staircase

100% full coverage

Intermediate coverage

Basic coverage

Basic benefits / social protection floor for all. Non contributory for the poor; other groups may contribute …

Partially contributory & linked schemes

Statutory contributory social insurance

Voluntary private insurance

Horizontal dimension (SPF & schemes for informal economy)

Vertical dimension (higher levels of benefits for those who can contribute)

Poor and near poor

Informal economy

Private sector employees

Civil servants

Armed forces
Situation in Thailand

- Challenges to extend coverage to IE workers (+/- 60 people joined)
- Fragmentation of social security schemes
- Inequalities have increased over past years … Capitation amount under UCS = 2,200 THB/capita whereas under CSMBS = 12,100 THB/capita
ILO’s support in Thailand

Facilitation of SPF Team - ongoing
Policy advice on: (1) Pension reform (M. Cichon) – July 2009
(2) 10 years of implementation of UCS – planned in 2011

Technical assistance: (1) Financial Management of the Thai Health Care System (EU project) – finished 2009
(2) Actuarial Valuation of the Old-Age Pension Branch of Social Security Scheme (KIHASA) - ongoing

Advice / extension of social security to IE workers?
Situation in Viet Nam

**Vertical dimension**

- Mandatory Social Insurance
  - old-age pensions, disability, health, sickness and unemployment insurance
  - 9.4 million workers i.e. 18 per cent of the total workforce

- Mandatory Health insurance
  - 30 million people covered

- Subsidized Health Insurance
  - +11 million people covered
  - Some social assistance
    - (1.23% population)

**Horizontal dimension**

- National Social Protection Strategy 2011-2020 aims to reach universal health care coverage by 2014, to strengthen existing schemes and continue extension of coverage to informal and formal sector workers.

- Voluntary scheme for SME and I Eco (35,000 people!)

- State owned enterprises, public and private sector

75% population
ILO’s support in Viet Nam

Visit of Mrs Bachelet 2 weeks ago; SPF recognized as a tool for the implementation of the NSPS. The SPF will increase coherence between the 3 pillars of the strategy. It is an opportunity to link SP measures with ALMPs for the poor and vulnerable.

ILO PLAN: piloting

ILO project: Support to the implementation and management of Unemployment Insurance

ILO plan: Support to the implementation of the national social protection strategy & the development of a Social protection floor.
Situation in Cambodia

- CARD’s National Social Protection Strategy for the Poor and Vulnerable (clear reference to the social protection floor)
- Community Based Health Insurance: limited coverage (100,000 people)
- NSSF and NSSF-C provide very limited scope of coverage
ILO’s support in Cambodia

Support to NSPS: drafting (reference to the social protection floor); documenting the process (SPF Success story); costing of the strategy (ILO-EU project)

Past support to IE workers (CBHI)...

Feasibility studies of Social health insurance for private sector and civil servants through the ILO-EU project

Support to MIS for NSSF work injury scheme
Situation in Indonesia

83% population

- Jamkesmas (76.4 million p. covered)
  - CCTs / UCT; Rice for the poor; Scholarships; Community Empowt prog.

- Jamsostek pilot project (400,000 p. covered)

- Jamsostek
- Taspen
- Asbes
- Asabri
  - Own hospitals

Poorest and near poor

Informal economy

Private sector employees

Civil servants

Armed forces

- National social protection strategy for the 10 coming years
- Extension of Health Protection started (contributory & NC). Objective of universal HC coverage by 2014 (already 46% in 2009)
- Coverage gap of 83% for old age, death, work injury (if any)
- Commitment towards implementation of Law 40, 2004 (strengthen existing schemes, extend coverage to informal economy workers and the poor)
- Fragmentation of Social assistance
- Challenges in extending social security to Informal Economy workers
ILO’s support in Indonesia

**Broader picture:** Support to Social Protection Component of the Jobs pact Scan and Indonesian Jobs Pact; Preparing for ratification of C 102 (assessment & comparative analysis)

**Social Protection Floor initiative** (Creation of UN working group, rapid assessment, knowledge sharing workshop)

**Informal Economy:** Feasibility study (with GTZ), IE Workshop, implementation in provinces?

**Technical advise to Jamsostek:** introduction of HIV-AIDS under health care benefits; unemployment insurance for formal sector

**Vertical dimension**

**Horizontal dimension**
PART III – CROSS CUTTING ISSUES

Group work!!!
Cross cutting issues

- Promotion of the SPF concept & inclusion in National Social protection strategies
- From legal to practical implementation
- Delivery issues of non contributory schemes
- Beyond the floor: adapted contributory mechanisms for informal economy workers
- Coordination between actors and schemes
- Inequalities and solidarity