

# Experiences around the world Experiences in Asia

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# Time management

PPT & Distribution of SP Country briefs	30 minutes
Explanation of the Group work	5 minutes
Organization in groups	5 minutes
Group work: reading & discussion	30 minutes
Groups reporting to the class	5 minutes per group -> 30 minutes
Questions & answers	10 minutes
Total	110 minutes

# PART I - CONTEXT

1. Growing with inequity

2. Social protection did not play its redistributive role

3. Major shift with the crisis

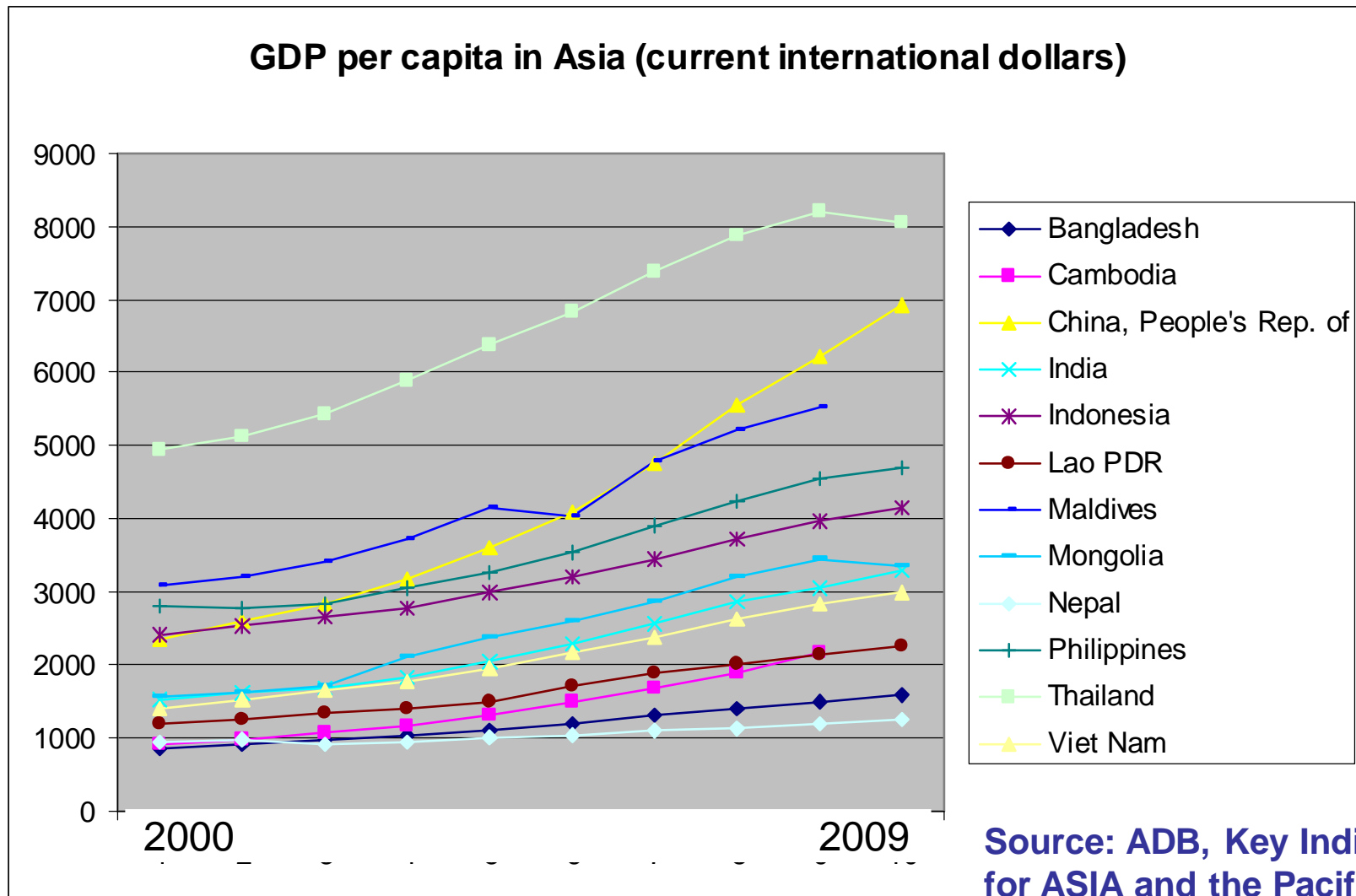


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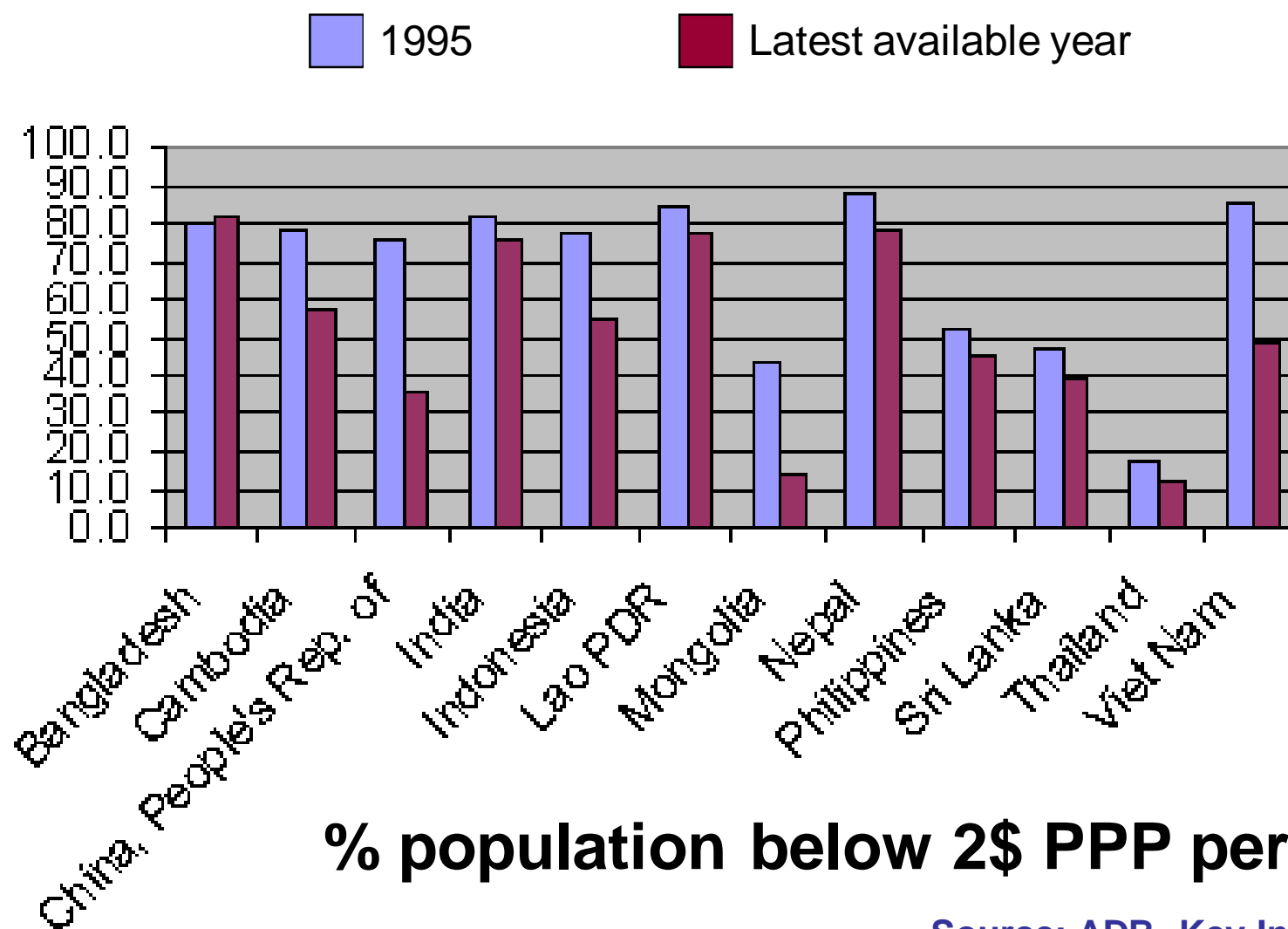
## Growing with inequity

- 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

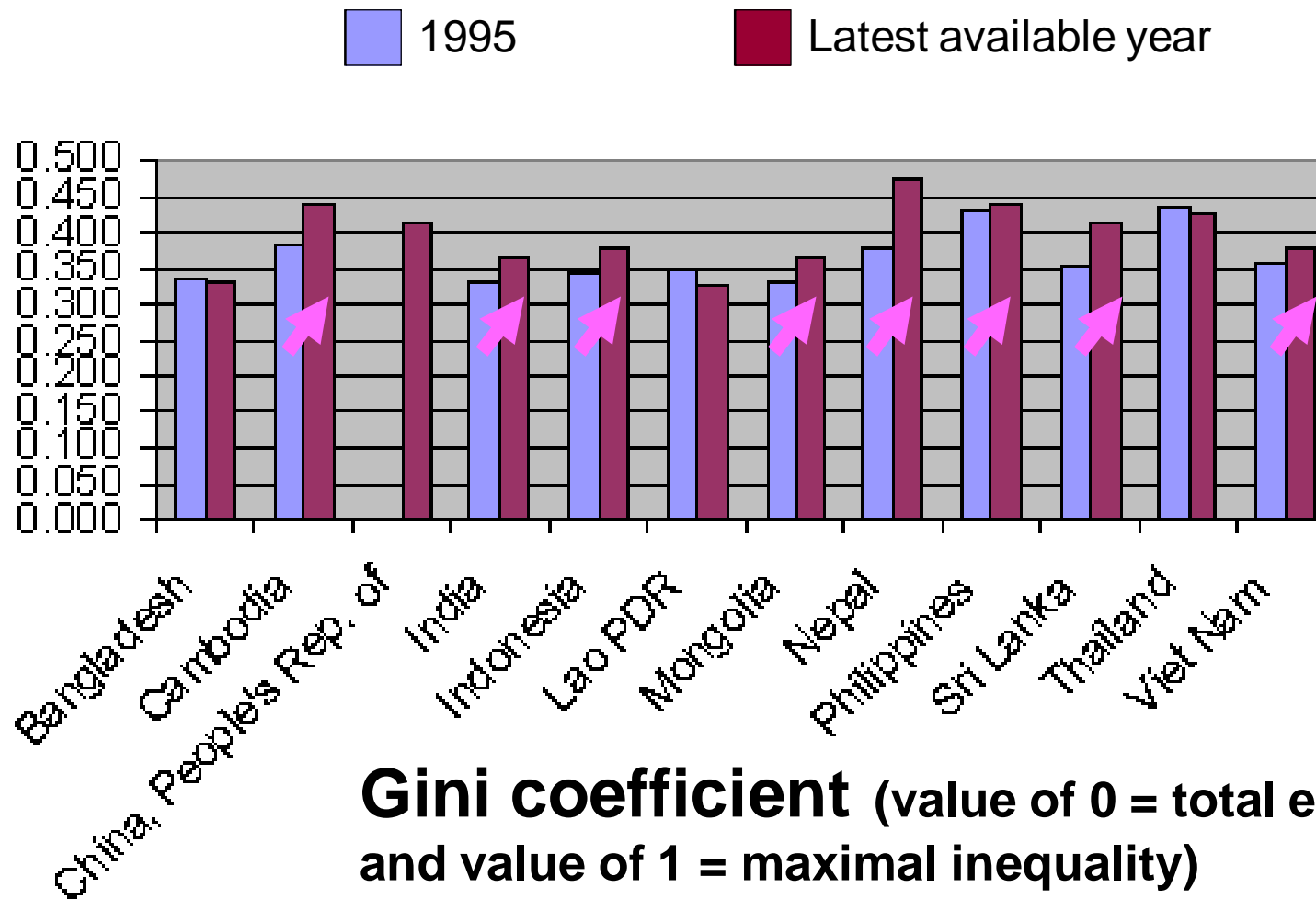


# Levels of poverty remain very high



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

# Inequalities are increasing in many countries



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

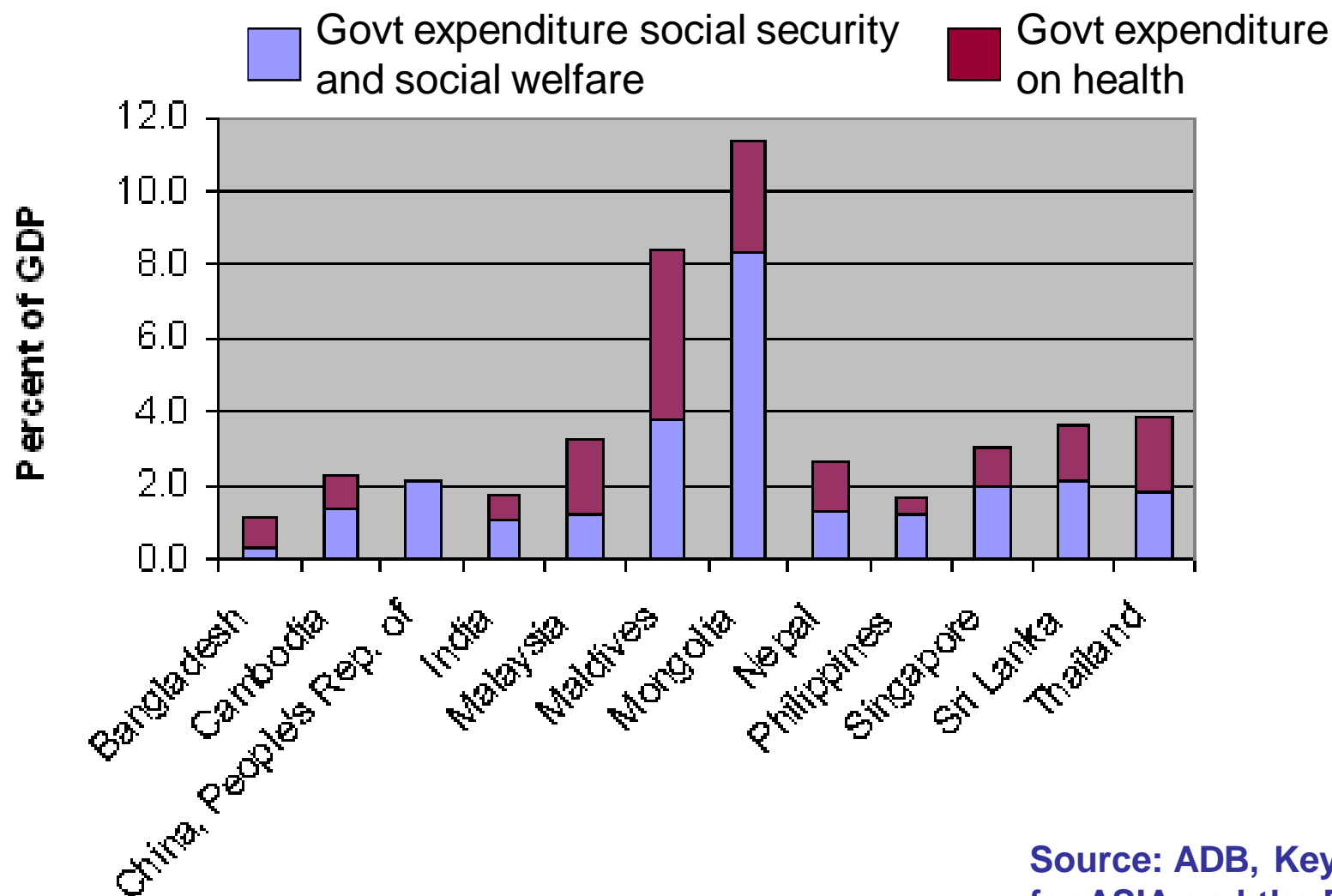
## 2.

## 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 ...



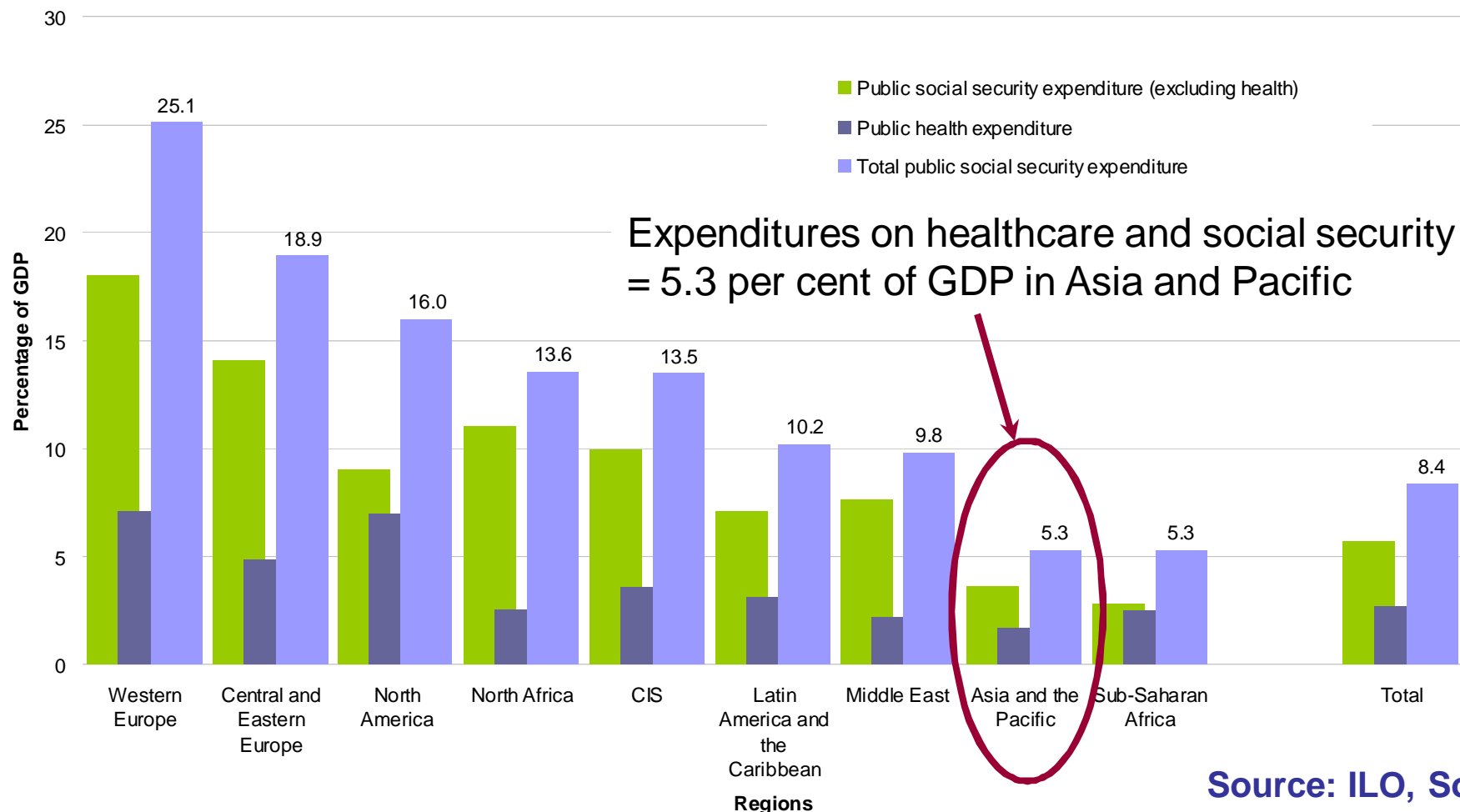
# Public spending on social protection remains low



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

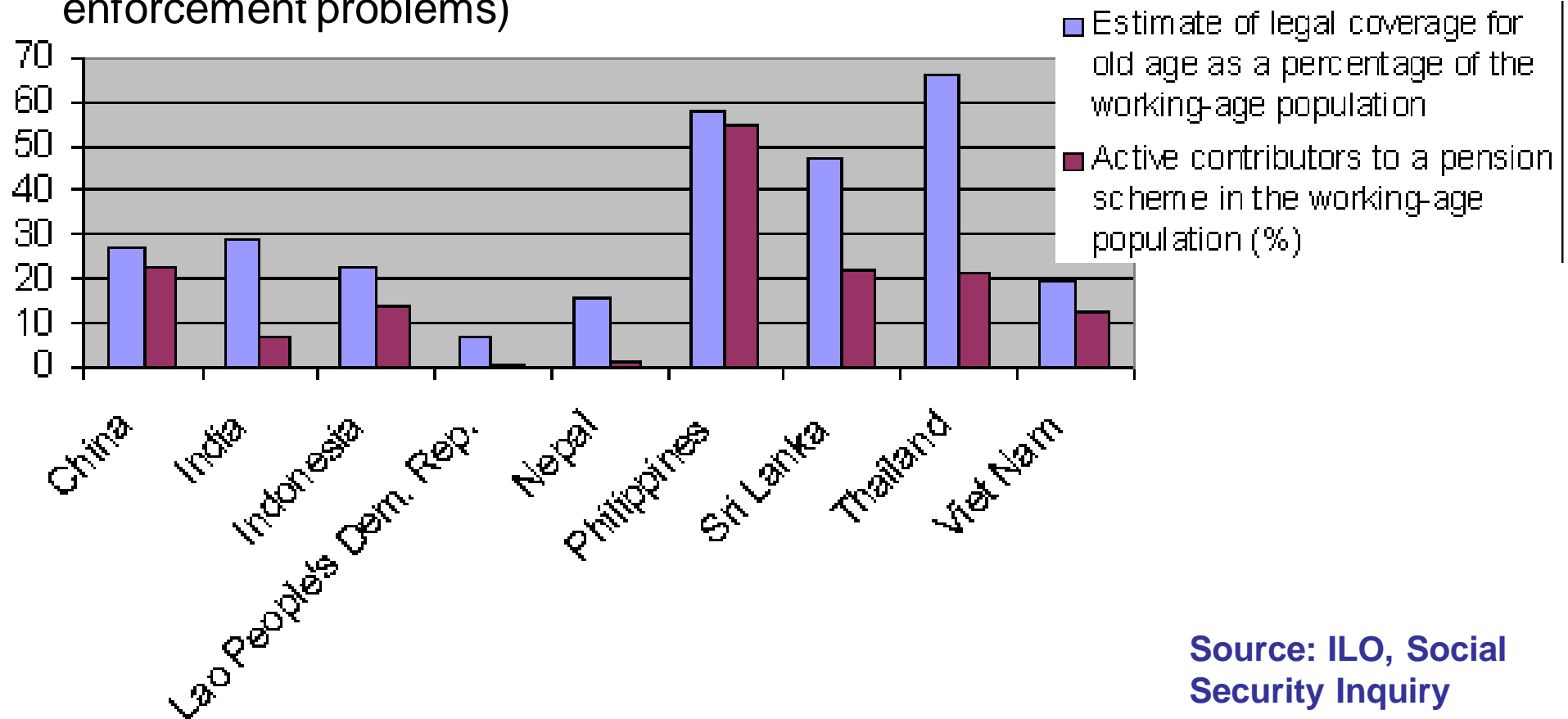


Source: ILO, Social  
Security Inquiry

# Social protection schemes cover only a small share of population ...

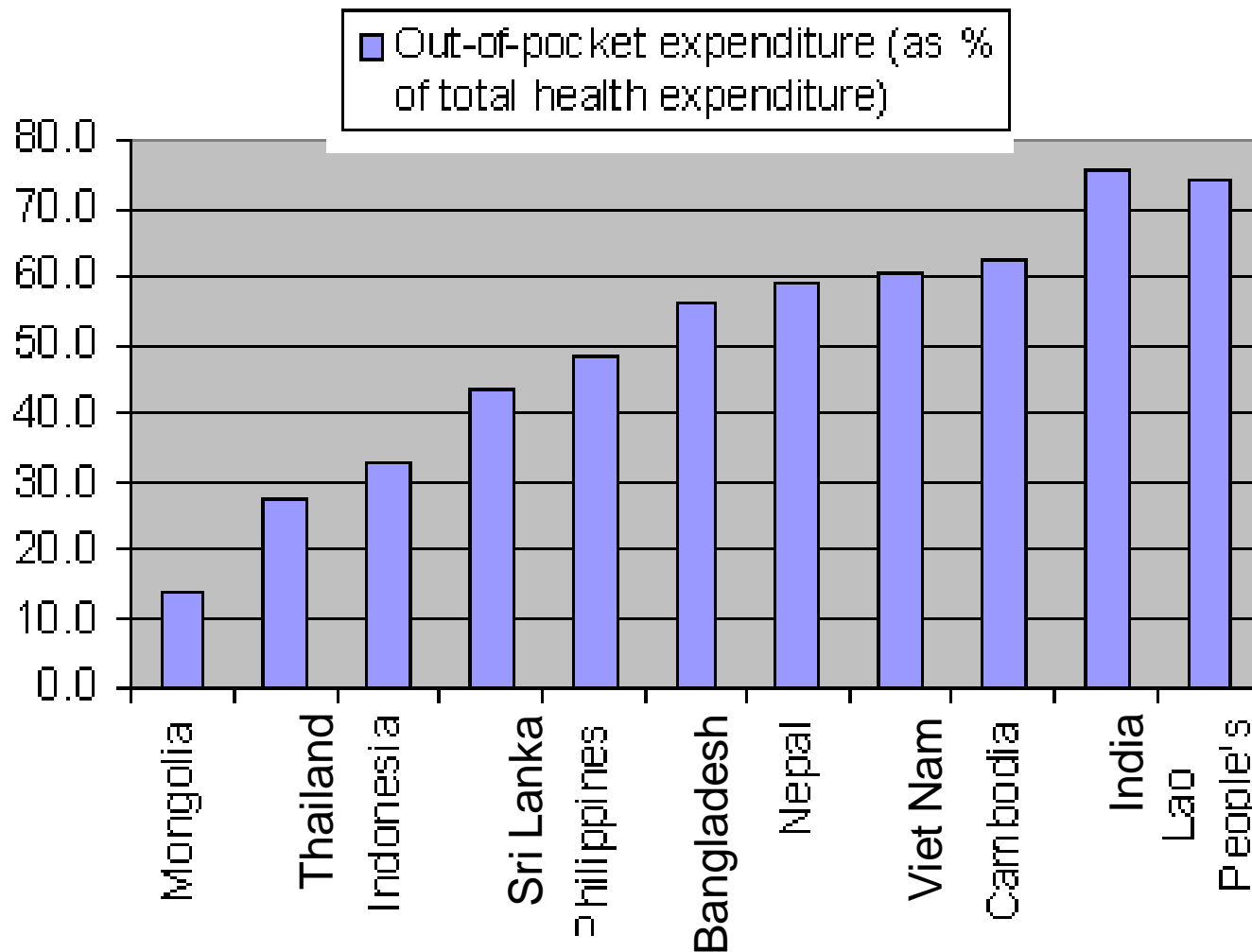
Social security schemes often target formal sector employees, leaving Informal economy workers with no protection at all

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)

### 3.

## 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

Increased support to low-income households (CCTs and social assistance)	Bangladesh (destitute women and others), Nepal (children, elderly, deprived castes), Viet Nam, India (widows, disabled), China (returning migrants), Philippines (CCT, very poor)
Increased targeting of employment programmes at the poor	Cambodia (small projects in rural areas), Viet Nam (infrastructure in poorest districts), Philippines, Pakistan, India
Increasing coverage or level of old age pensions and support to the elderly	Bangladesh, Nepal, China
Increasing coverage of unemployment benefits	Viet Nam, China
Measures to protect migrant workers	Bangladesh, Nepal, Viet Nam India (Kerala), Philippines, Pakistan

# ... 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).

**Social security:** health, sickness and work injury. Cost of social protection 200 US \$ / person per year. Private insurance companies.

**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)

	Unemployment rates					Evolution 2009/2007	Source
	2005	2006	2007	2008	2009		
Brunei	3.2	4.8	4	4	3.7	-7.50%	CIA World Factbook
Cambodia	2.5	2.5	2.5	2.5	3.5	40.00%	CIA World Factbook
Indonesia	10.8	10.4	9.4	8.4	8	-14.89%	Labostat
Lao PDR	5.7	2.4	2.4	2.4	2.4	0.00%	CIA World Factbook
Malaysia		3.3	3.3	3.4	3.7	12.12%	Labostat
Philippines	8.7	8	7.3	7.4	7.5	2.74%	Labostat
Singapore		3.6	3	3.2	4.3	43.33%	Labostat
Thailand	1.9	1.5	1.4	1.4	1.5	7.14%	Labostat
Viet Nam	1.9	2.4	2	4.3	4.7	135.00%	CIA World Factbook
China	9.8	9	4.2	4	4	-4.76%	CIA World Factbook
Japan	4.4	4.1	3.8	4	5	31.58%	Labostat
Rep of Korea	3.7	3.5	3.3	3.2	3.6	9.09%	Labostat



# ... Redistribution has a positive impact on consumption & the development of domestic market

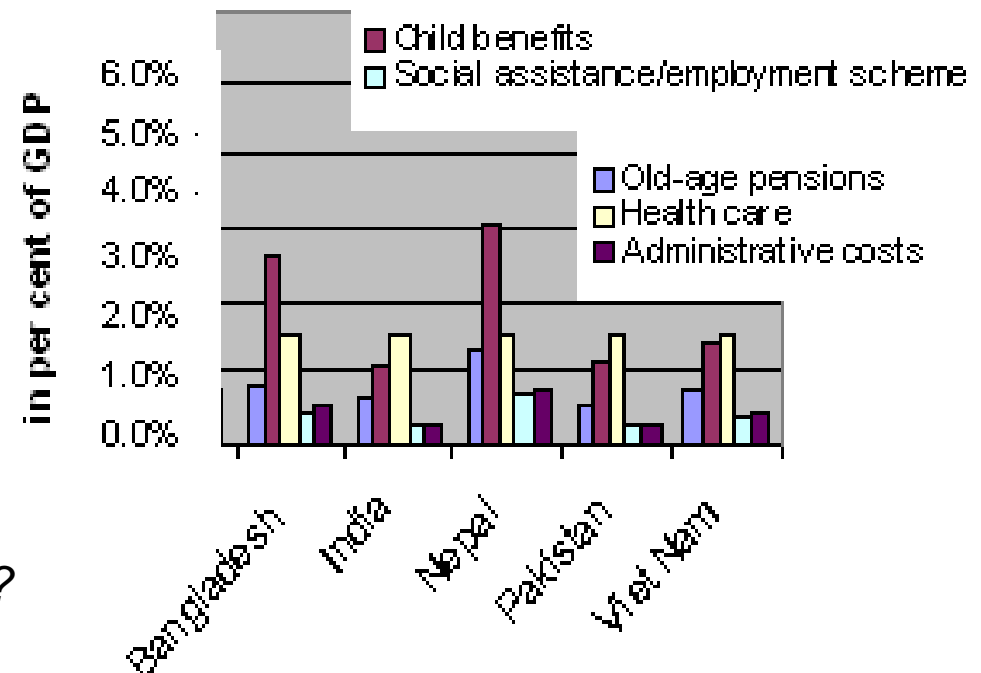
- China : from an export lead model to the development of the domestic market:
  - Widespread consensus that the extreme export dependency of the Chinese economy must be reduced in the long-run
  - Strong willingness to develop domestic consumption to stabilize aggregate demand in the economy
- The development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

-  1. Social protection floor in Asia. Country examples.
-  2. Relevance of the Social Security Staircase

1.

# Social protection floor in Asia. Country examples.

- 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 PWP) 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



# SPF in Asia - examples

**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, PWP...

**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.

Launched in 2003 with an aim of covering all by 2010.

End 2008: NRCMC operated in all rural counties (2,729).

End 2009: 830 million people covered.

Voluntary participation, high & increasing subsidies.

Ratio of contribution / Government's subsidies:

Y10: Y20 in 2003, Y20: Y80 in 2009 and Y30:Y120 in 2010

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.

Piloted in Shanghai in 1993 ; universal coverage in 2007.

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

**Score board for the social protection floor in China**

	Population Coverage Score	Adequacy Score	Combined score
Essential health care for all	9.17	6.36	58.35
Income security for children	0.70	6.03	4.24
Income security for people in active age	1.73	8.98	15.54
Income security for people in old age and invalidity	3.32	9.37	31.14
Total score			<b>109.27</b>
Percentage			<b>27.3%</b>

Adequacy health care = minimum benefit level / value of an adequate essential package of health services

Adequacy = minimum level of benefits / 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.**

# 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

<b>RSBY Data</b>	
Number of families enrolled	Approx. 18 million
Persons enrolled	Approx. 70 million
% of people covered as of total target population	24%
Number of States where RSBY is being implemented	23
% of States which have started RSBY Implementation	80%
Number of Hospitals empanelled	5945
Number of persons that have got treatment	850,000
Average Hospitalisation Rate	3%
<b>RSBY Economic Data</b>	
Total Expenditure on premium subsidy of RSBY till now	Rupees 8000 million US\$ 174 million
Expenditure on RSBY premium as a percentage of GDP	0.013%
Administrative Expenditure on RSBY by Government of India	Rupees 50 million US\$ 1.09 million

Source: Ministry of Labour, Government of India

# Social Protection Floor in India

[www.rsby.gov.in](http://www.rsby.gov.in)



**19,689,104**  
**SMART CARDS ACTIVE**  
as on date: 25/10/2010

Track Your State  
Select Your State

Username :   
Password :

**India's poor get health card to fund medical treatment**

#### Latest Documents

- General Documents
- Operational Templates
- Technical Documents
- Medical Documents
- Software
- Research New
- Testimonials New
- Miscellaneous

#### What's New

- 27 States have advertised for RSBY scheme.
- RSBY featured in The Wall Street Journal: India's poor get health care in a card.
- RSBY featured in Business World.


#### RSBY Workshop

- Various Presentations shown at RSBY National Workshop held on July 2 & 3 at Chandigarh

#### Certificate and VPN Downloads

- CA and VPN Softwares New

#### Media



[RSBY at BBC World](#)

[read more...](#)

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# 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. ← **Social Protection**

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

# 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 Baht 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**

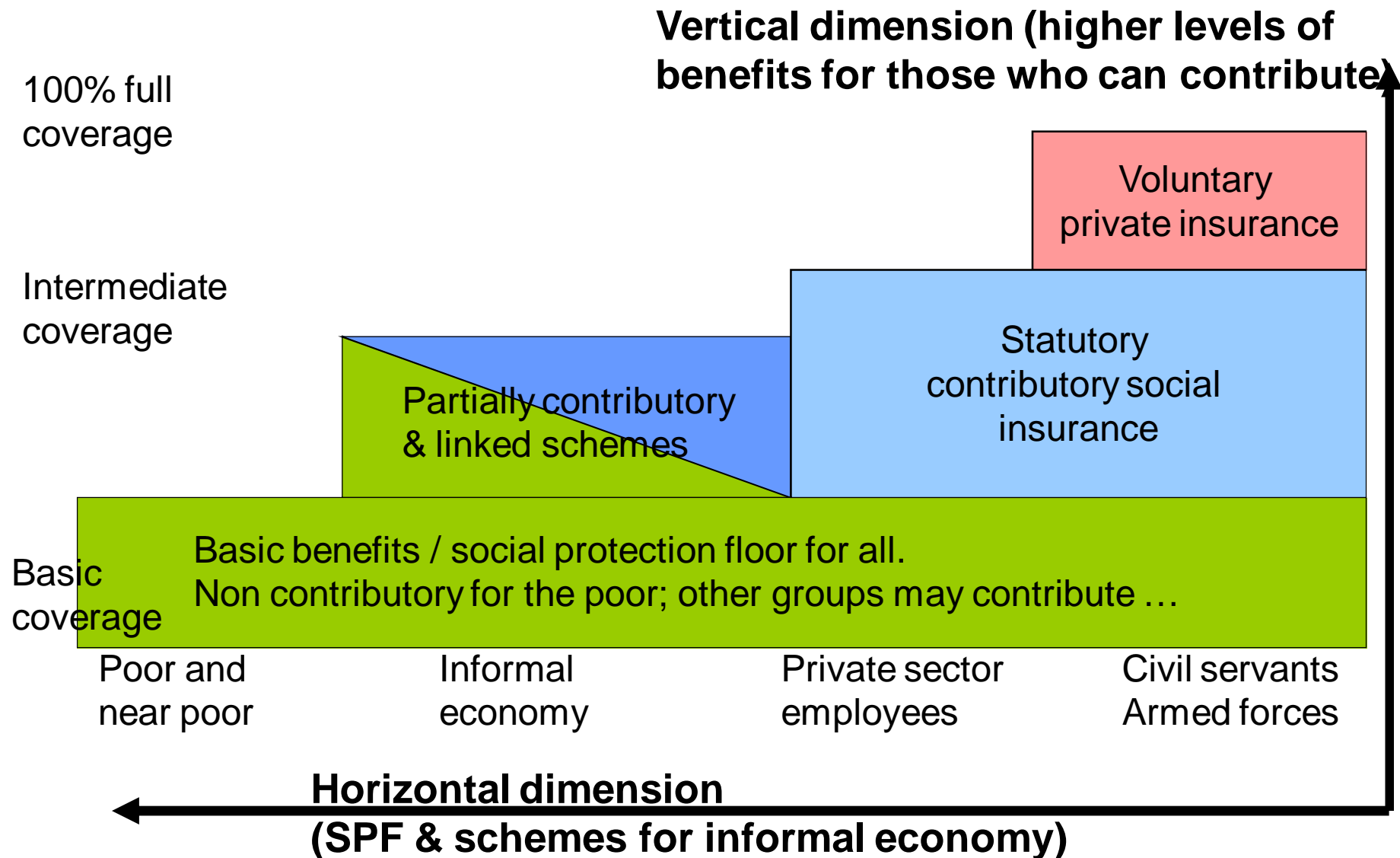


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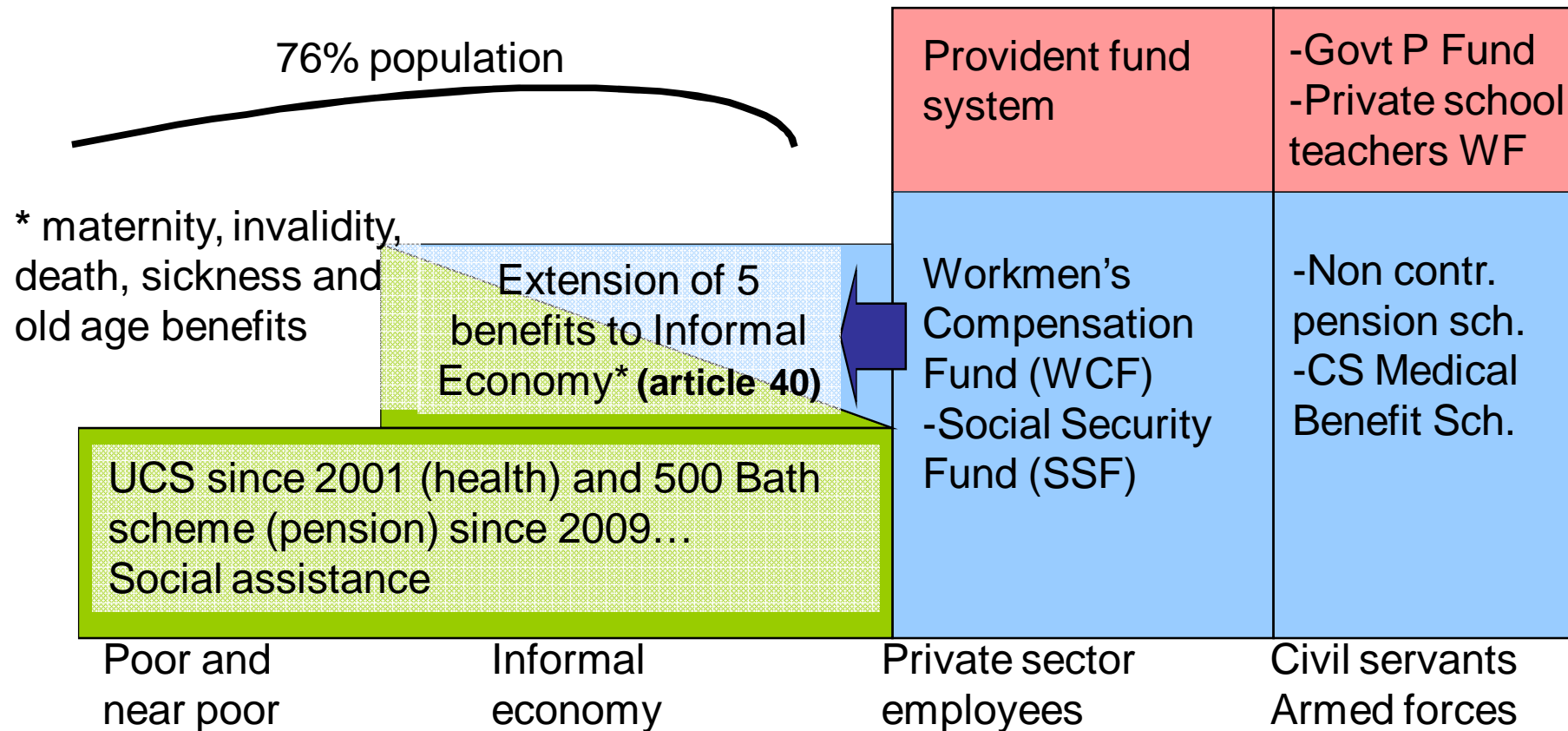
# Relevance of the Social Security Staircase

- 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

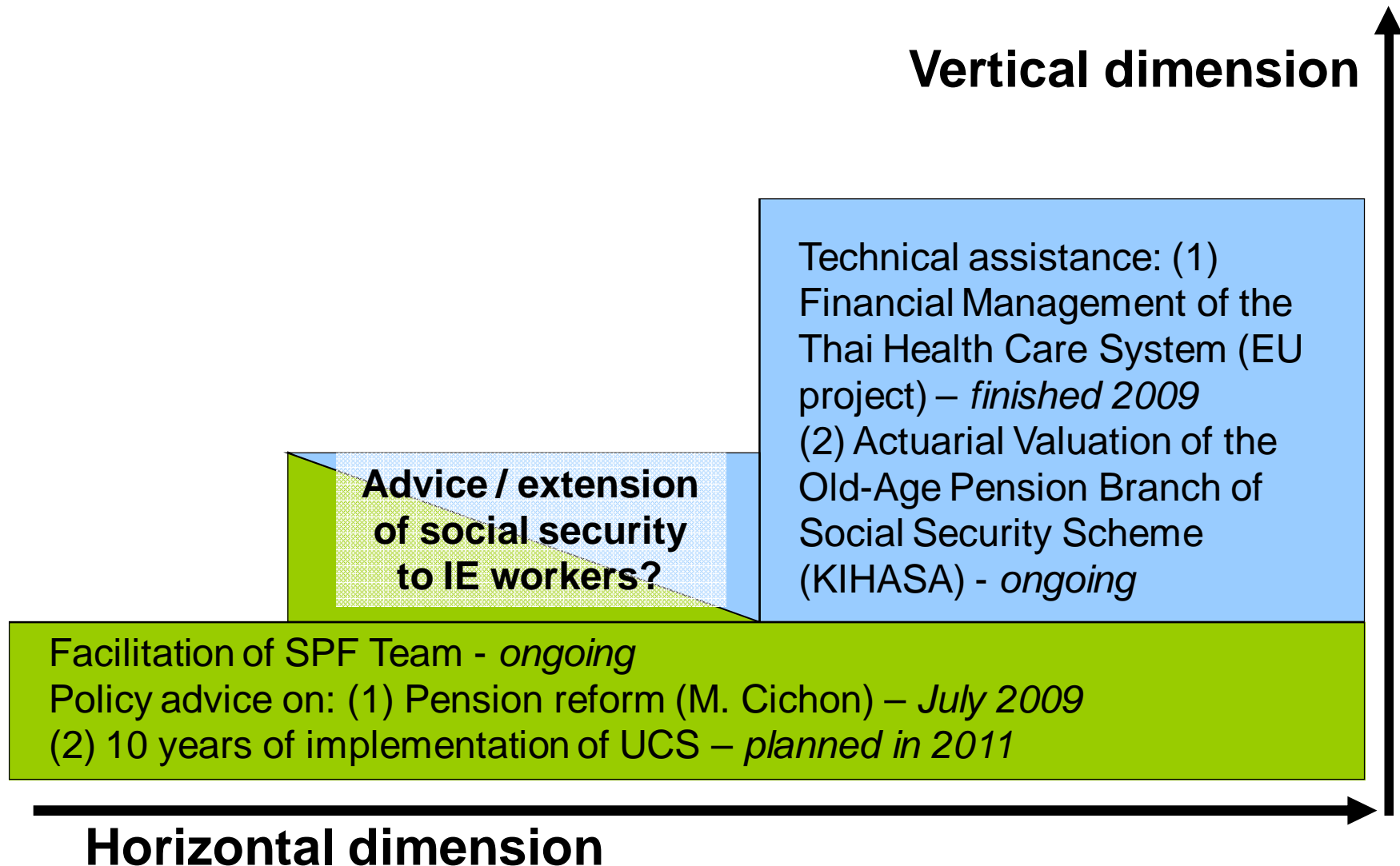


# Situation in Thailand

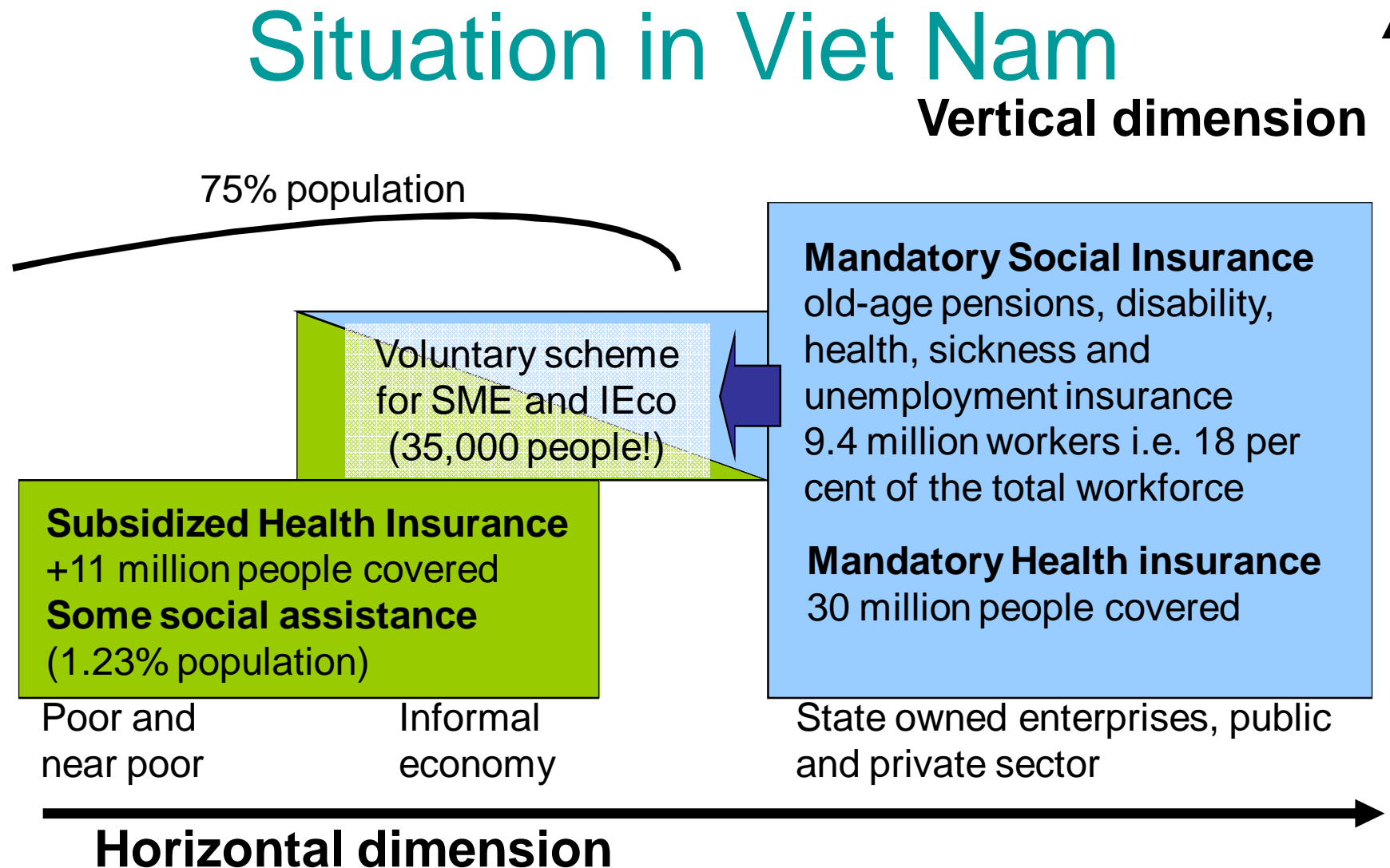


- Challenges to extend coverage to IE workers (+/- 60 people joined)
- Fragmentation of social security schemes
- Inequalities have increased over past years ... Capitation amount under UCS = 2,200 THB/capita whereas under CSMBS = 12,100 THB/capita

# ILO's support in Thailand



# Situation in Viet Nam

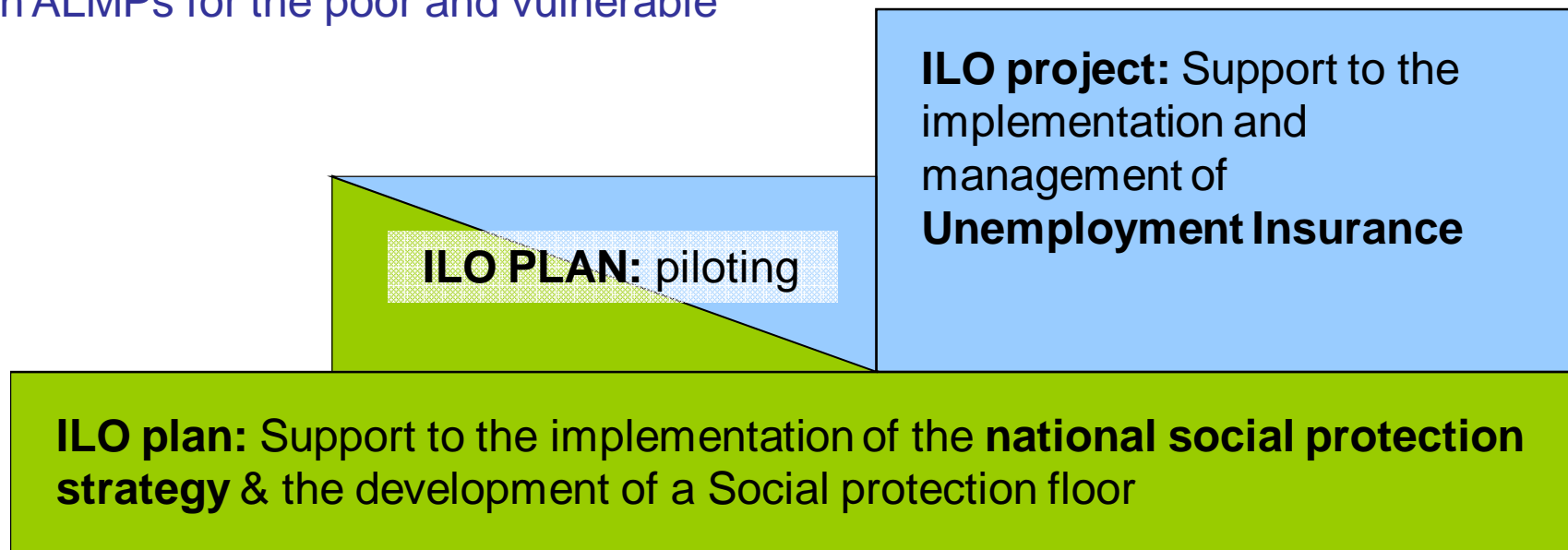


- National Social Protection Strategy 2011-2020 aims to reach universal health care coverage by 2014, to strengthen existing schemes and continue extension of coverage to informal and formal sector workers.

# ILO's support in Viet Nam

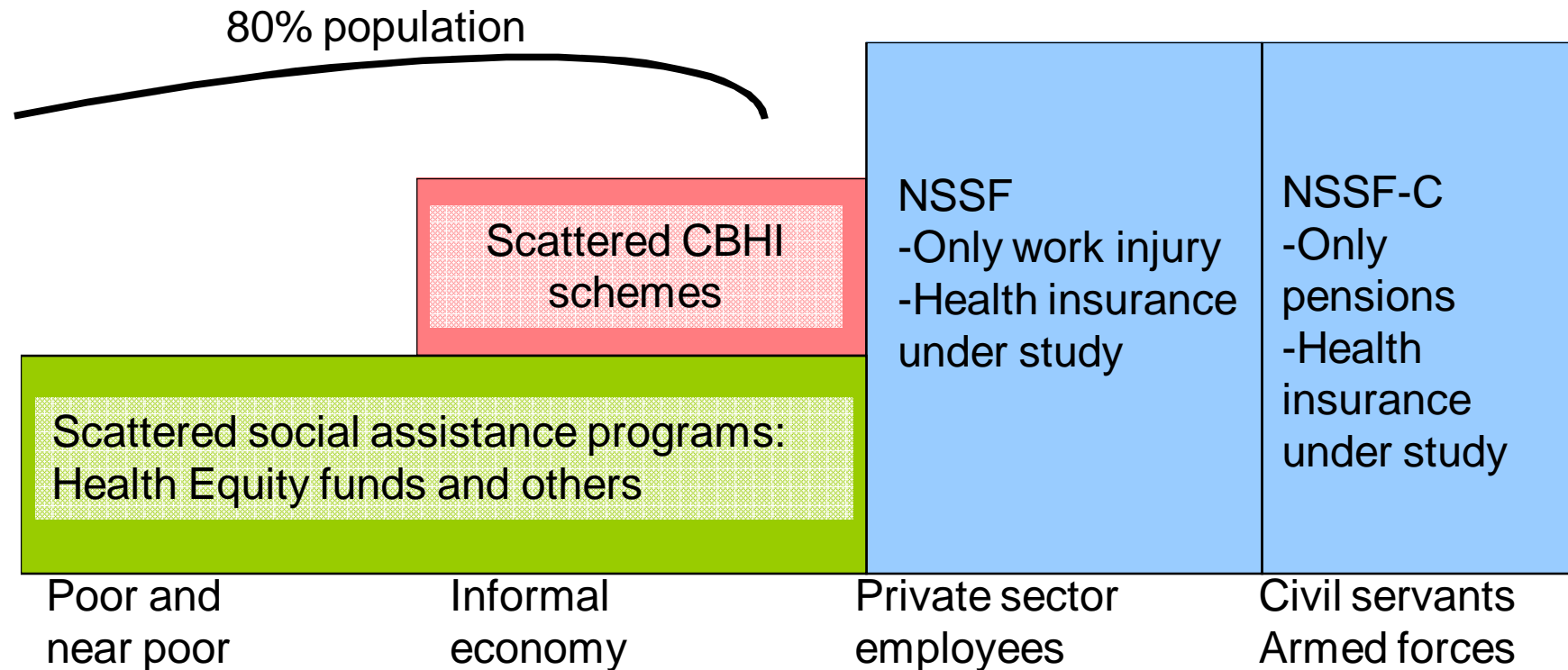
**Visit** of Mrs Bachelet 2 weeks ago;  
SPF recognized as a tool for the  
implementation of the NSPS  
The SPF will increase coherence  
between the 3 pillars of the strategy  
It is an opportunity to link SP measures  
with ALMPs for the poor and vulnerable

**Vertical dimension**



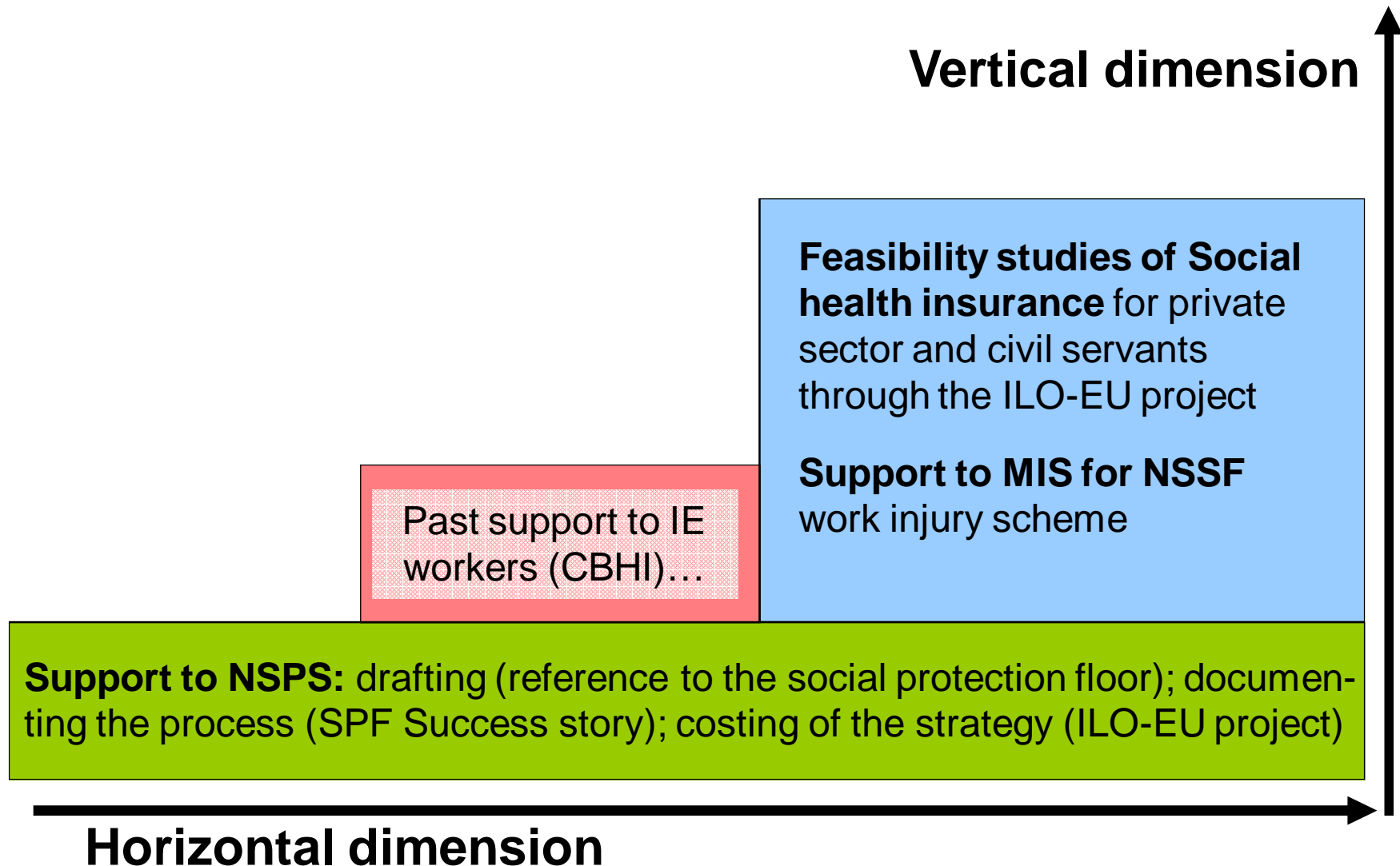
**Horizontal dimension**

# Situation in Cambodia



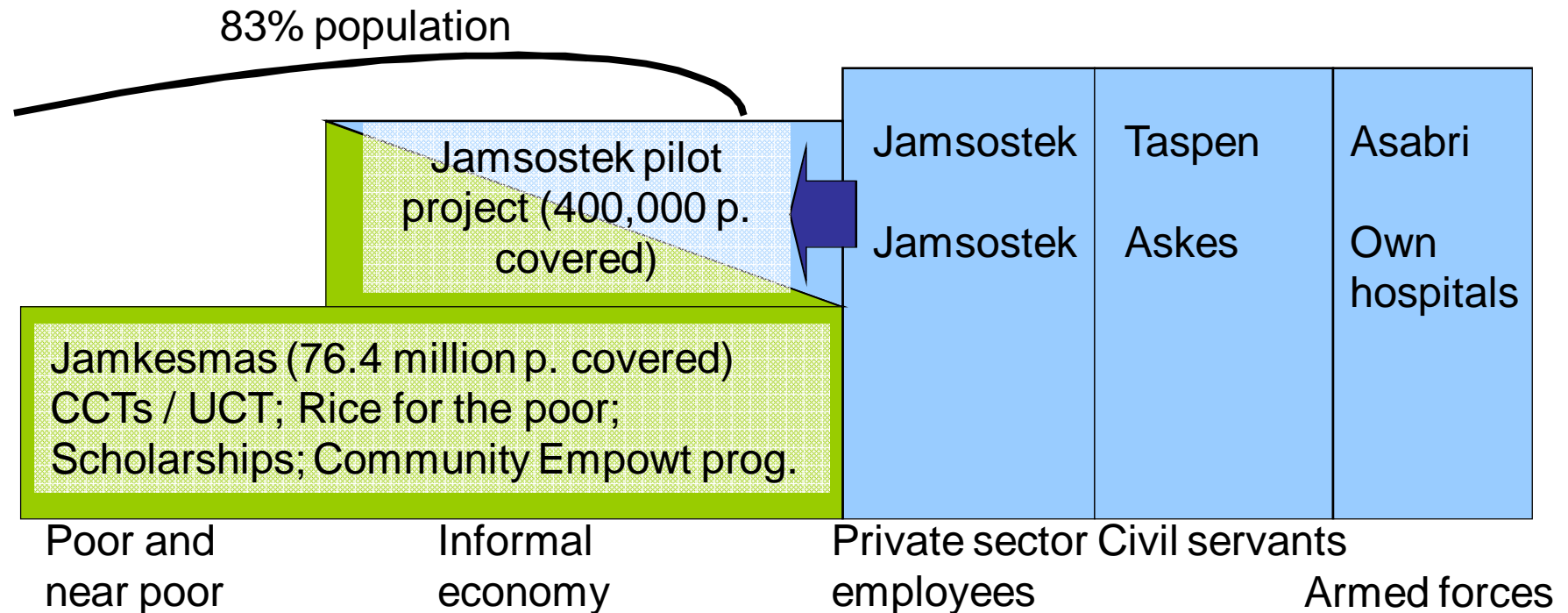
- CARD's National Social Protection Strategy for the Poor and Vulnerable (clear reference to the social protection floor)
- Community Based Health Insurance : limited coverage (100,000 people)
- NSSF and NSSF-C provide very limited scope of coverage

# ILO's support in Cambodia





# Situation in Indonesia



- 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)

**Vertical dimension**

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

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

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

**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