

Social Protection Strategy of Vietnam, 2011-2020: New concept and approach



Hanoi, 14 October, 2010



Social Protection Strategy of Vietnam, 2011-2020

Ministry of Labour, Invalids and Social Affairs

Country profile (as of 2009)

A. Labour Market Indicators

1. Total population, mil of people	85.8
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2. Labour force, mil people	49.1
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3. Total employment, mil people	47.6
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- <i>Informal employment, %</i>	<i>75.0</i>
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4. Unemployment rate, %	2.32
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5. Wage employed, %	30.5
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6. Technical, Vocational labour force, %	35.2
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Country profile (cont.)

B. Insurance

1. Health insurance

- Contributors (% of total population)	57.4
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2. Social insurance

- Compulsory social insurance, %	18,0
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- Voluntary social insurance, %	2.0
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= Total labour force covered by SI , %	20.0
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3. Unemployment insurance, % of LF	12.21
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4. Social assistance

Percentage of population received, %	1,73
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Achievement

- GDP has been high and stable at the rate of 7.5% from 2000 up to 2008 (prior crisis in 2008-2009)
- There also been growing attention given to social objectives: More than 40 policies and target programs on employment, poverty reduction, basic services in poorest areas and health care insurance
- Vietnam has achieved 5/8 objectives of MDG on: poverty elimination; education for all, gender equality; reduce mortality and earlier birth dead rate..
- Social protection policy has helped people to copy with risks associated from employment, health and social protection:
 - Poorest communes, poorest HH, ethnic population, female, children and disable are most benefited

Social protection policy: shortcomings

1. Labour- Employment

- Employment elasticity to GDP growth is low (0.32) compared to other Asian countries
- Majority working in informal sector with low level of labour protection
- Labour mobility is limited
- Mismatching labour supply and demand due to lack of information and employability
- **Shortage of** skilled labour especially in growing sectors and occupations

Social protection policy: shortcomings

2. Social insurance and assistance

- UNDP: Accounts for **56 % of population: the poor** households, public servants, social policy target groups are the main beneficiaries) ;
- **Benefits only account for a small proportion of households' total income (4%)**, resulting from small contributions and low allowance levels.
- Inequality: 40% of social protection fund is spent for 20% of richest quintile; **20% of the poorest quintile only receive 7% of total fund.**
- **Resources are mainly from State budget, but** not sufficient to respond to the growing demand for social protection;
- **Financial sustainability of social protection policies is low;**
- **Lacks of effective monitoring and management system**

Context for 2011-2020

- Vietnam aims at becoming a middle-income country by 2020;
- Entering a period of Demographic bonus but also Aging population;
- Reduce the financial sustainability of current Social Security Fund .
- More dynamic labour market development: Moving from rural to urban, agriculture to non agriculture; labour export.
- International economic integration will speed up the development of a dynamic social protection system.
- International concept and initiative on Social Protection Floor for all.

Social Protection Strategies for the years 2011-2020

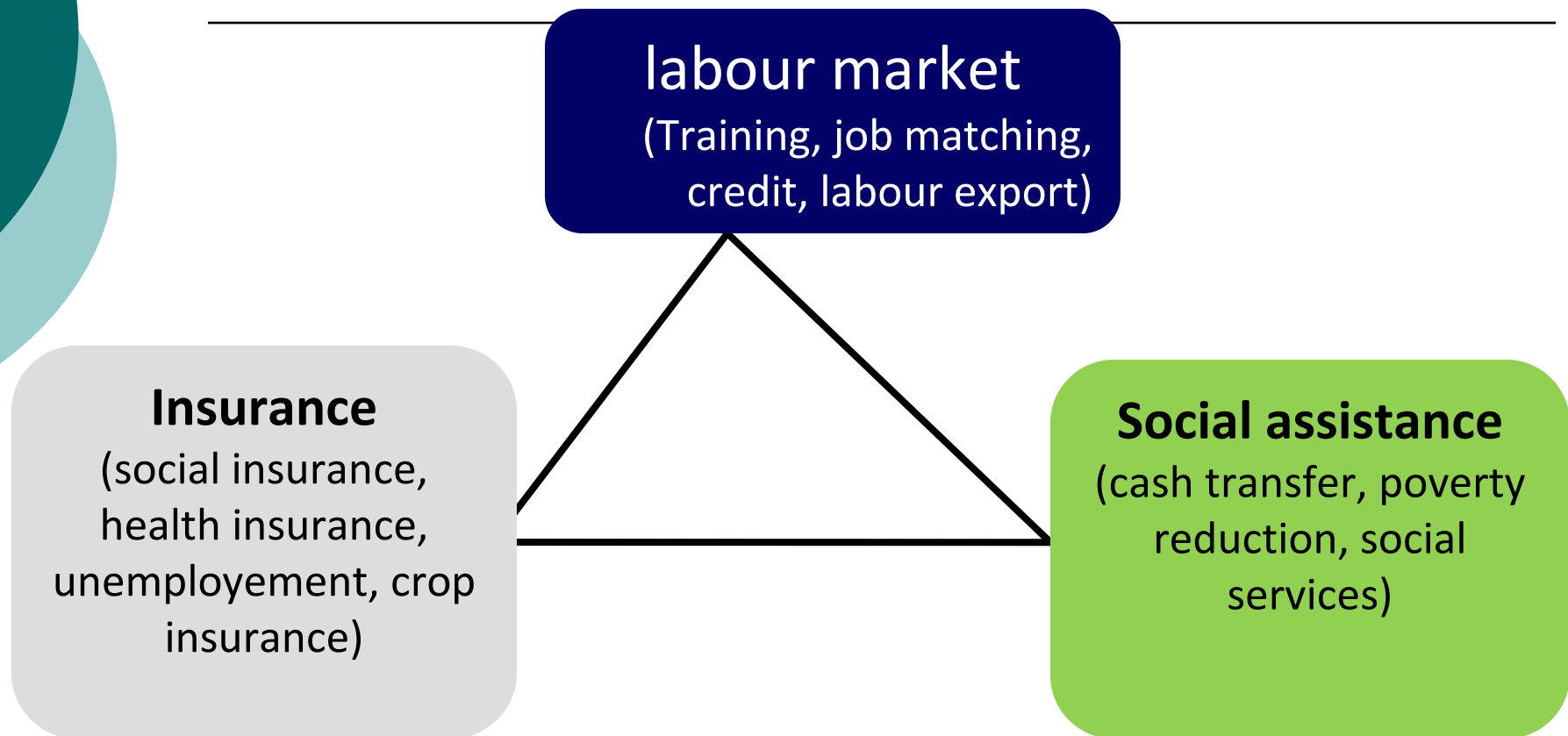
Key principles

- ***Universal***, all persons have the right to be safeguarded from social protection and have access to social protection system;
- Sharing: Base on the redistribution among poor-non poor, among old and young generation
- ***Equitability and sustainability***, binding responsibilities and benefits, between contribution and benefits;
- ***Promoting responsibility of individuals***, families and communities in ensuring the social protection;
- ***Special supports*** to the poor, vulnerable groups to ensure the minimum subsistence living level in case of risks that cause temporary or forever loss or reduction of income.
- ***International cooperation*** on ideas, policy and instruments to be implemented

2. Objective and targets

- **Overall objective:** to gradually expand the coverage and participation of people in social security system; by 2020, **basically ensuring that all people get access to and benefit from social security policies;** ensuring minimum living standard for the people, contributing to sustainable poverty reduction, political and social stabilization.
- **Targets:** include all people, in which **priorities are given to vulnerable groups**, including the poor; people living in remote, mountainous and ethnic minority areas; workers in rural areas and informal sector; unemployed workers; the disabled; children; old-age and sick people; and those affected by natural calamities and other force-major risks.

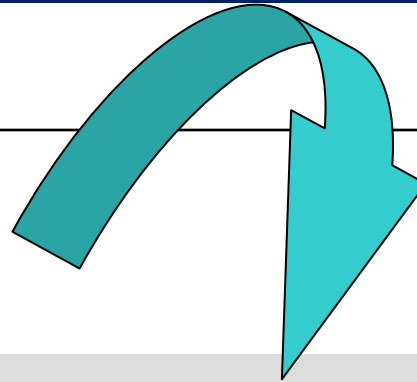
3. Three pillars of the Social Protection Strategy



3.1 labour Market Policy

Current challenges

- ✓ Large but under developed rural sector
- ✓ Widespread under-employed.
- ✓ Scarcities of skilled labour
- ✓ Wide scale of vulnerable jobs
- ✓ Landless informal sector
- ✓ Widening income gaps
- ✓ Most vulnerable: young workers, women, ethnic minorities, disabled, unskilled migrant workers..



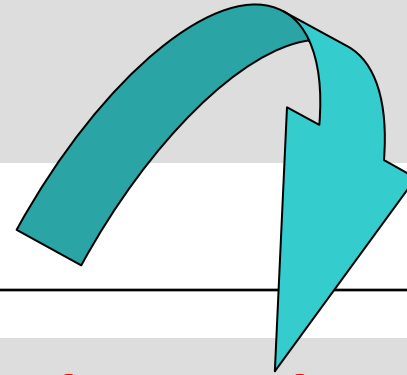
Policy instruments

- Demand driven vocational training
- Increasing accessibility to vocational training
- Increasing labour **mobility**, especially for rural migrants
- Subsidizing participation in labour export program
- Increasing labour market information

3.2 Social Insurance

Current challenges

- ✓ Low compliance rates, especially in non-public sector **(70% of eligible)**
- ✓ Non viable financial sustainable
- ✓ limit access of the poor to voluntary social insurance
- ✓ in 2009: 20% of labour force participate in social insurance, 9% of elderly have pension
- ✓ Majority of rural labour have not participated in any kind of social insurance



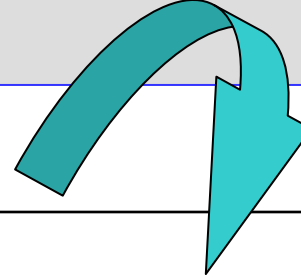
Policy instruments

- Gradually transfer from PAYGO into the NDC financial mode
- Pilot voluntary social insurance program for the working poor with partly subsidized contribution
- Pilot partly subsidized contribution for farmers to participate in crop/ agriculture insurance
- **Pilot program for minimum guarantee income for old aged people**

3.3 Health Insurance

Current challenges

- ✓ Low quality of health services in most difficult areas;
- ✓ Inequality among income groups
- ✓ Non viable financial sustainable
- ✓ Low State budget for health: in 2008, health insurance takes 13% of health budget)
- ✓ Low Spending on prevention, treatment, primary health care
- ✓ High cost of health expenditure of HH due to increase in prices of services and medicines



Policy implication

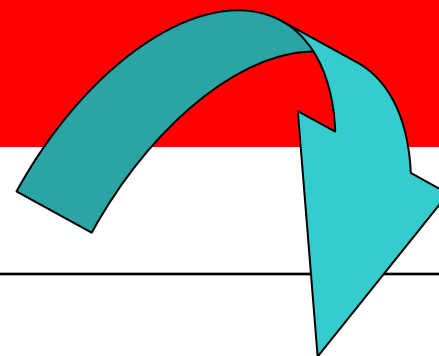
1. *Health insurance:*

- Target to the rest of 40% of population not been covered
- Enhance accessibility, quality of services; more benefits

2. *Health care sector*

- Pricing model for services;
- Build standard treatment procedures
- Gradually withdraw from assistance projects by 2020
- Enhance infrastructure, human resource of health sector.

3.4 Social assistance



Current challenges

- ✓ Low coverage of regular transfer (1.3% of population)
- ✓ Low level of support (equal to ½ of the minimum living standard)
- ✓ The exclusion of the hard-core poor
- ✓ Low quality of social services in poor areas
- ✓ Limited access of migrants in urban area to social services

Policy instruments

- Increase the coverage: 2-3% of population
- Pilot cash transfer to hard-core poor
- Pilot conditional cash transfer to children living in the poor
- Increase quality of social services, specially in rural, through PPP in designing and financing
- Increase accessibility of urban migrants to social services

4. Initiative on Social Protection Floor

1. **SPF concept:** Universal access, to social services; child protection, disable protection; basic minimum income
2. **Fit with Vietnam SPS objectives and experiences**
3. **Challenging**
 - Policy to support special groups to Basic Social Services,
 - Policy of cash transfer for hard core poor; guarantee to old age minimum income
 - Conditional cash transfer for the children from poor HH to go school;
 - Public work program for the poor and other vulnerable group
 - Policy to support participation of informal sector in: voluntary social insurance, unemployment insurance; crop insurance schemes



Thanks for your attention