

## Mid-Term Self-Evaluation Report

Project Title	<b>Extending social security in ASEAN (ILO/Japan- ESSA Project)</b>
T/C Symbols	<b>RAS/16/03/JPN</b>
Type of Evaluation	<b>Mid-term self-evaluation</b>
Evaluation Manager	<b>Celine Peyron Bista, Chief Technical Advisor, ILO/Japan-ESSA Project</b>
Administrative Office	<b>ILO ROAP</b>
Technical Unit	<b>SOCPRO</b>
Technical Backstopping Office	<b>Social Security Specialist, ILO DWT for South East and East Asia and the Pacific (DWT-Bangkok)</b>
Date Project Ends	<b>31 March 2019</b>
Donor	<b>Government of Japan</b>
Budget	<b>US\$ 2,007,076 (2016: US\$ 332,366; 2017: US\$ 579,206; estimated 2018: 942,497 US\$ and estimated 2019: 153,007)</b>
Countries	<b>ASEAN, focus on Indonesia and Viet Nam</b>

## Acronyms

APINDO	Employers' Association of Indonesia
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of South East Asian Nations
BPJS-Health	Social Security Agency implementing the social health insurance
BPJS-Employment	Social Security Agency implementing other social security benefits
CO	Country Office
CTA	Chief Technical Advisor
DWCP	Decent Work Country Programme
DWT	Decent Work Technical Support Team
ILO	International Labour Organization
ITC ILO	International Training Center of the ILO
MOLISA	Ministry of Labour, Invalids and Social Affairs, Viet Nam
MOM	Ministry of Manpower, Indonesia
MSME	Micro-, small and medium enterprises
TPAC	Tripartite Project Advisory Committee
PCC	Project Coordination Committee
PRODOC	Project Document
ROAP	Regional Office for Asia and the Pacific
SLOM	Senior Labour Officials Meeting
SOCPRO	ILO Social Protection Department
SOMSWD	Senior Officials' Meeting on Social Welfare and Development
VCCI	Viet Nam Chamber of Commerce and Industry
VGCL	Viet Nam General Confederation of Labour
VSS	Viet Nam Social Security

## 1. Executive summary

### Background and context

There is globally and in the Asia Pacific region a growing consensus that the establishment of social protection floors is a key element of the policy framework to reduce poverty and inequalities and achieve inclusive and sustainable development. It is at the core of the Sustainable Development Goals by 2030. During the past decade, ASEAN countries have made progress in extending social protection, with the emergence of statutory schemes in all ASEAN countries. However, coverage and level of protection across the population and across countries remain unequal and insufficient. There is still a need for improving policy and institutional framework for the effective and efficient delivery of social protection.

In October 2013, ASEAN Heads of State adopted a Declaration on Strengthening Social Protection, pledging for the completion of social protection floors as a priority to achieve growth with equity. The Regional Framework for Strengthening Social Protection and its Plan of Action, adopted by the ASEAN Heads of State in November 2015, includes among its priorities the extension of social security coverage among informal economy workers, self-employed and micro, small and medium enterprises (MSME) workers.

Building on the achievements of the past two phases of the ILO/Japan Project on Promoting and Building Social Protection in Asia (2011-2013 and 2014-2016), and the solid partnership with ASEAN Member States, a third phase of the Project is here proposed, as a component too of the ILO's Global Flagship Programme on Building Social Protection Floors for All. The new phase aims specifically at fostering knowledge, capacity and expertise for extending social security coverage in ASEAN. The project intends to generate better knowledge, understanding and expertise on extension of social security, and stimulate South-South cooperation across ASEAN Member States. The project provides direct support to Indonesia and Viet Nam for increasing social protection coverage. Lessons learnt, experiences and good practices from the two countries will be disseminated across the ASEAN Member States and worldwide.

### Development objective

The project aims at increasing social security coverage by improving application of social security laws.

**Immediate objective 1:** Knowledge and expertise are increased among ASEAN Member States to extend social protection to all and as a result, measures are proposed at national level to extend social security coverage in ASEAN, emphasizing on self-employed, informal and MSMEs workers.

**Immediate objective 2:** More workers are covered by social security schemes, through improved policy, legal framework, and enforcement and delivery mechanisms in Viet Nam.

**Immediate objective 3:** More workers are covered by social security schemes, through improved implementation arrangements, enforcement measures and support services in Indonesia.

### Status

The project started in April 2016, and is due to end in March 2019.

### The mid-term evaluation

The evaluation seeks to review progress implementation against the workplan, identify potential constraints and formulate suggestions for actions to address those constraints/challenges. The mid-term evaluation also shares some preliminary lessons learnt and potential areas for continuing strengthening social protection in ASEAN.

The methodology for the evaluation is set out in the Terms of Reference (Annex 1). Methods used included document review and questionnaires sent to key partners<sup>1</sup>.

The mid-term evaluation examines the period of project implementation since project inception in March 2016 until December 2017. It covers activities in Indonesia, Viet Nam and at the ASEAN level. The three project components are addressed, i.e (i) awareness raising, research, and capacity building, (ii) extend social security coverage in Viet Nam, and (iii) extend social security coverage in Indonesia.

The clients and target audience of the mid-term evaluation include ILO project management based in Bangkok, Jakarta and Hanoi, management of the ILO/Japan Multi-bilateral Programme, the ILO Regional Office for Asia and the Pacific (ROAP), and the partners of the project, in particular the ASEAN Secretariat and the tripartite constituents in Indonesia and Viet Nam.

### Key findings

<b>Relevance and strategic fit</b>	<p>Extension of ASEAN’s social protection coverage is becoming more salient as income inequalities are growing in ASEAN, informal employment persists and new forms of employment are expected to develop in the future.</p> <p>The project’s objective appears very relevant in the context of the ASEAN’s Community integration. The project directly contributes to the realization of a number of ASEAN commitments, in particular the implementation of the ASEAN Declaration on Strengthening Social Protection and its Regional Framework, and</p>
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<sup>1</sup> ASEAN Secretariat, Ministry of Labour, Invalids and Social Affairs (MOLISA), Viet Nam General Confederation of Labour (VGCL), Viet Nam Chamber of Commerce and Industry (VCCI), and the Director of the ILO Country Office for Viet Nam.

	<p>the ASEAN SLOM Work Programme for 2016-20. The close coordination between the ASEAN agenda and the project work plan has been appreciated in many occasion by the ASEAN Member States and the ASEAN Secretariat. The project will be partner of the ASEAN for the conduct of regional study on expansion of social security to workers in informal employment.</p> <p>In Viet Nam, the project arrives at a time of major reforms for reaching universal social protection. To complement the MPSAR and reach the “missing middle”, the Government is now preparing a Master Plan on Social Insurance Reform (MPSIR). The project has placed the ILO as a prominent and unique partner of the Government for the development of the MPSIR.</p> <p>Indonesia has set a clear agenda of extension of social insurance coverage with an ambition reform three years ago. Implementation issues remain immense.</p>
<p><b>Validity of project design</b></p>	<p>Complementarity is strong between the three components of the project in the sense that all activities are inter-related. The country’s level intervention feed the regional debate towards innovative solutions to extend social protection, and <i>vice-et-versa</i>, the regional consultations, capacity building activities, and experts’ meeting provide Viet Nam and Indonesia with new thinking.</p>
<p><b>Overall progress</b></p>	<p>No delay in the implementation is to be reported, and the project is likely to implement the full work plan by the end of the project, in March 2019.</p>
<p><b>Project progress and effectiveness against immediate objective 1</b></p>	<p>Milestones products under the immediate objective 1 are: background paper to the ILO-ASEAN study on expansion of social security; experts’ meeting, regional course and technical note on social protection-related SDGs indicators.</p> <p>Two results of the first mid-term of the project:</p> <ul style="list-style-type: none"> <li>- the ASEAN monitoring framework is likely to refer to the SDGs indicators;</li> <li>- the ASEAN study on expansion of social security will be conducted with the project.</li> </ul>
<p><b>Project progress and effectiveness against immediate objective 2</b></p>	<p>In Viet Nam, the project is operating at a very crucial time when the Government is undertaking major reforms of the social protection system (social assistance, social insurance and social services). Thanks to the presence of the project’s team, both at the ROAP and CO-Hanoi, the ILO has been able to provide timely response with expertise to the social insurance reform and preparation of the MPSIR. The Deputy Prime Minister, as well as</p>

	<p>a number of other key Ministers, recognizes the project as essential partner of the reform process.</p> <p>In 2017, the project produced a number of technical notes to support the development of the MPSIR. ILO recommendations are likely to be taken on board.</p>
<p><b>Project progress and effectiveness against immediate objective 3</b></p>	<p>The technical studies, in particular the review of the social security inspection system and the sectoral assessments of social security deficits, have brought relevant recommendations. Their implementation, in particular for the social security inspection, is now being discussed within BPJS-Employment.</p>
<p><b>Involvement of stakeholders</b></p>	<p>The project has sought to involve stakeholders at multiple levels and through different channels and at various stages of the project. At the regional level, the project has established a Tripartite Project Advisory Committee (TPAC). The project reports to ASEAN SLOM and SOMSWD on a yearly basis.</p> <p>In Indonesia and Viet Nam, the project is implemented in very close collaboration with key stakeholders. As a result, recommendations of technical report prepared with support of the project are likely to be implemented.</p>
<p><b>Adequacy and efficiency of resource use</b></p>	<p>The current delivery rate against the agreed work plan and expenditure plan for the remaining period indicate that the project is satisfying. Despite a cut in 2017 budget, the planned activities and outputs are very likely to be all implemented within the given timelines. The project created synergies with other ILO and UN projects to ensure smooth implementation of the work plan.</p>
<p><b>Effectiveness of management arrangements</b></p>	<p>The project's management arrangement, with a Chief Technical Advisor (CTA) based in the ROAP, has proven to be very effective to support ASEAN activities in collaboration with the DWT and other units of ROAP in Bangkok. The thinking of innovative approaches for extending social security, in particular to workers in informal employment, was supported by the interaction with other ILO's projects in the region. The location of the CTA in the regional hub of the ILO facilitated this exchange of experiences, via the Senior Social Protection Specialist of the DWT.</p>
<p><b>Impact orientation and sustainability</b></p>	<p>The project is designed to support in particular two countries among the 10 of the ASEAN. Nevertheless, the awareness raising and knowledge sharing activities at the ASEAN level, as well as the presence of a CTA in ROAP created ripple effects across countries the sub-region. Extension of social security coverage is clearly a priority in Cambodia, Myanmar, Philippines and Thailand. These countries benefit from the project too, through the regional outcome and expertise of the CTA.</p>

## **Main recommendations and lessons learnt**

### **Lessons learnt**

1. Informal employment concepts are not always cleared among policy makers. In the continuation of the project, it is recommended to invite Specialists working on the transition from informal to formal employment to deliver presentation on this topic during capacity building and policy reforms workshops.
2. Government and social partners in Viet Nam and Indonesia shared that they are often solicited to be member of project's committees or task forces, which is a common feature of development partners' projects. Because the project has a regional dimension and funds at country level are limited, constituents of both countries have recommended organizing tripartite consultative sessions rather than institutionalizing a tripartite project committee.

### **Recommendations**

1. Considering the needs shared among ASEAN Member States to effectively expand social protection coverage and with the commitment reiterated in the Sustainable Development Agenda for the extension of social protection systems, including floors, the project team should start exploring funding possibilities for an extension of the project (time and countries).
2. The project team and the Senior Social Protection Specialist will discuss with the ASEAN Member States, via their Secretariat, the modalities for the establishment a capacity programme for the achievement of the social protection related SDGs, starting with capacity building for the compilation and reporting of the SDGs indicator 1.3.1.
3. As the project covers only two ASEAN countries, it is recommended for preparing the ASEAN Study on expanding social security coverage to workers informal employment to build synergies with other technical assistance projects working in this field in the region, including projects implemented by the ILO. For instance, Cambodia is currently receiving ILO's support to extend coverage of its social insurance system.
4. The Chief Technical Advisor (or Project Manager) and the Senior Technical Specialist on Social Protection of the DWT-Bangkok should establish a mechanism to ensure sharing of information and collaboration with other ILO's development cooperation projects working on the same topic in other countries, on a more systematic manner, rather than ad-hoc.
5. The Government and Social partners of Viet Nam have already requested continuation of the project for the implementation of the social insurance reform in the years to come. The project should already explore funding and partnership opportunities.
6. The ILO DWT-Bangkok will soon have two Social Protection Specialists based in Bangkok. While the CTA of the ILO/Japan project contributed greatly to the advancement of the ILO's social protection agenda in the region, complementing the

role of the DWT Social Protection Specialist, with the new human resources structure, for the next phase of the project, it could be envisaged to base the Project Manager in one of the country of direct intervention, in order to reinforce the ILO's presence at country level.

To conclude, all material and knowledge produced under the project are regularly posted on the ILO/Japan-ASEAN Social Protection Project workspace of the Global Extension of Social Security platform:

<http://www.social-protection.org/gimi/gess/ShowProject.action?id=1385>



## 2. Body of the report

### 2.1 Project Background

There is globally and in the Asia Pacific region a growing consensus that the establishment or extension of social protection systems, including floors, is a key element of the policy framework to reduce poverty and inequalities and achieve inclusive and sustainable development. It is at the core of the Sustainable Development Agenda by 2030. During the past decade, ASEAN countries have made progress in extending legal social protection coverage, with the emergence of statutory schemes in all ASEAN countries. However, effective coverage and level of protection across the population and across countries remain unequal and insufficient. There is still a need for improving policy and institutional framework for the effective and efficient delivery of social protection.

In October 2013, ASEAN Heads of State adopted a Declaration on Strengthening Social Protection, pledging for the completion of social protection floors as a priority to achieve growth with equity. The Regional Framework for Strengthening Social Protection and its Plan of Action, adopted by the ASEAN Heads of State in November 2015, includes among its priorities the extension of social security coverage among informal economy workers, self-employed and micro, small and medium enterprises (MSME) workers.

Building on the achievements of the past two phases of the ILO/Japan Project on Promoting and Building Social Protection in Asia (2011-2013 and 2014-2016), and the solid partnership with ASEAN Member States, a third phase of the Project started in April 2016, as a component too of the ILO's Global Flagship Programme on Building Social Protection Floors for All. The project is now in its mid-term. The new phase aims specifically at fostering knowledge, capacity and expertise for extending social security coverage in ASEAN. The project intends to generate better knowledge, understanding and expertise on extension of social security, and stimulate South-South cooperation across ASEAN Member States. The project provides direct support to Indonesia and Viet Nam for increasing social protection coverage. Lessons learnt, experiences and good practices from the two countries, as well as other countries supported ILO's different development cooperation projects, will be disseminated across the ASEAN Member States and worldwide.

#### **Development objective**

The project aims at increasing social security coverage by improving application of social security laws.

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**Immediate objective 3:** More workers are covered by social security schemes, through improved implementation arrangements, enforcement measures and support services in Indonesia.

## 2.2 Evaluation background

Evaluations have a key role to play in the management of project: they provide very important inputs for programmes improvement, either for an on-going project, in the case of mid-term evaluations, or for future similar initiatives, in the case of final evaluations.

### Objective of the mid-term evaluation

The mid-term evaluation of the project's implementation comes at a crucial time, as it provides information first for on-going project's improvement and eventual adjustments, and second for starting designing a potential second phase of the project.

The ILO/Japan-ESSA Project's mid-term evaluation seeks to accomplish the following objectives:

- To review the validity of the project design, i.e priorities, outcomes, outputs, activities and budget;
- To assess the progress of the project against the approved logical framework and workplan;
- To determine the project contribution to the achievement of relevant Decent Work Country Programmes (DWCP) outcomes in ASEAN, and in Indonesia and Viet Nam in particular;
- To identify gaps and constraints in project implementation, including looking at partners' involvement, and offer recommendations for project improvement to support the achievement of objectives;
- To identify good practices, lessons learnt and possible areas of development cooperation to be considered under the current project as well as future projects in ASEAN.

### Scope, Coverage and Clients

The mid-term evaluation examines the period of project implementation since project inception in March 2016 until December 2017. It covers activities in Indonesia, Viet Nam and at the ASEAN level. The three project components are addressed, i.e (i) awareness raising, research, and capacity building, (ii) extension of social security coverage in Viet Nam, and (iii) extension of social security coverage in Indonesia.

The clients and target audience of the mid-term evaluation include ILO project management based in Bangkok, Jakarta and Hanoi, management of the ILO/Japan Multi-bilateral Programme, the ILO Regional Office for Asia and the Pacific (ROAP), and the partners of the

project, in particular the ASEAN Secretariat and the tripartite constituents in Indonesia and Viet Nam.

### **Evaluation methodology and management arrangements**

The criteria for evaluating the project follow ILO evaluation standards, namely:

- Relevance and strategic fit;
- Validity of design;
- Project progress and effectiveness;
- Adequacy and efficiency of resource use; and
- Effectiveness of management arrangements.

The mid-term evaluation was carried out through the review and analysis of primary and secondary data. This is based on the review of project documents, including progress reports, workshop and mission reports, research publications, relevant correspondence and other documents that were deemed appropriate.

It also incorporates inputs from discussions with ILO staff in Bangkok, Jakarta and Hanoi, and key stakeholders, including key implementation partners such as the ASEAN Secretariat, the Government, Workers' and Employers' representatives of Viet Nam.

This mid-term evaluation was carried out by the Chief Technical Advisor in collaboration with the Project Administrative and Programme Assistant and the national Project Officers respectively for Indonesia and Viet Nam, and with inputs from the technical backstopping officer (Senior Social Protection Technical Specialist of the DWT-Bangkok).

## 3. Main findings

### 3.1. Relevance and strategic fit of the project

#### **Relevance of the projects' objective and focus for ASEAN Member States**

As most of the economies in the South-Eastern Asian region continue to grow, the share of vulnerable employment is expected to gradually fall across the region. Yet as many as 52.7 per cent of the ASEAN work force are in vulnerable employment in 2016 (ILO, 2017). An estimated 92 million workers in the ASEAN region do not earn sufficiently to escape poverty (ILO, 2017). Business continues to be dominated by small and medium enterprises where they can reach 90 per cent of the enterprises in some ASEAN countries. Countries like Cambodia, Indonesia, Lao PDR, Myanmar, and Viet Nam continue to have high shares of vulnerable employment, in the order of 60 per cent, and there are no signs that they will decrease over the next couple of years. The aggregated vulnerable employment rate also hides disparities between sexes, with women facing a greater chance to be vulnerably employed than men, at around 57.1 per cent (ILO, 2017).

As a direct consequence of the large share of informal and vulnerable employment in South-Eastern Asian region, the fundamental human right to social security remains only partially fulfilled for the majority in the region. While ASEAN Member States have made significant progress in extending legal coverage over the past decade, effective access to social protection remains a challenge for a large majority. According to social security and social assistance laws, XXX% of the population is covered for its pension. However, for those of old age, only 30 per cent receive a monthly pension from both contributory and tax-funded schemes. Even when old-age pension have a wide coverage, the level of benefit is often inadequate. Effective coverage is far lower due to inefficiency of voluntary schemes, lack of compliance and weak enforcement mechanisms, and exemptions in compulsory social insurance coverage that can be used as legal loopholes for employers and employees to avoid social contributions. Extension of social insurance coverage is also to be put in the broader context of labour relations, including obstacles that can be created by the labour laws, and wage policies and practices. On the other hand, social assistance programmes across the ASEAN countries are still limited in coverage and level of benefits, which limits their capacity to complement the limited protection offered by social insurance schemes. The limited social protection coverage could also be partially explained by the relatively low level of public social protection expenditure observed across the ASEAN countries. This level is less than half of the public social protection expenditures of non-ASEAN countries among categories of low and middle income countries; and it stands at 9.6 per cent of GDP in the high-income countries of ASEAN while non-ASEAN high income countries spend 20.5 per cent of their GDP on public social protection.

Extension of ASEAN's social protection coverage is becoming more salient as income inequalities are growing in ASEAN, informal employment persists and new forms of employment are expected to develop in the future. The concerns of the sub-region were shared by the ILO Sixteenth Asian Regional Meeting (APRM) (Bali, 6-9 December 2016); the Bali Declaration included among its priorities "extending social protection, including by

establishing sustainable social security systems and by establishing, maintaining and upgrading social protection floors comprising basic social security guarantees based on the Social Protection Floors Recommendation, 2012 (No. 202)”.

**Key finding:** Extension of ASEAN’s social protection coverage is becoming more salient as income inequalities are growing in ASEAN, informal employment persists and new forms of employment are expected to develop in the future.

➤ **Relevance of the project’s objective and focus in Viet Nam**

For Viet Nam constituents, the project is highly relevant. The Party Central Committee’s Resolution No. 15-NQ/TW dated 1 June 2012 sets a target of 50 per cent of the workforce covered by social insurance by 2020. Despite a rapid expansion of the social insurance coverage in the last decade, as of June 2017, at most 13,17 million and 0.24 million workers are respectively covered by the compulsory and voluntary social insurance schemes , which accounts for a merely 24 per cent of the total labour force. The coverage remains particularly low among small and medium enterprises and workers with short-term contracts. Informal economy workers, administratively identified as those holding a contract of less than three months (one month from 1 January 2018), self-employed and rural workers, are still largely excluded from social insurance coverage except for the voluntary retirement and survivor pension scheme introduced in January 2008. Out of 53.4 million workers in 2017, 29.4 million are either own-account or unpaid family workers.<sup>2</sup> It means nearly six out of ten jobs in Viet Nam are vulnerable or informal; that is without or very limited social protection. Even among enterprises due to register on a mandatory basis, enforcement of the social security laws remains a challenge, especially among the small and medium enterprises representing the large majority of establishments. Among all enterprises with employment size less than 200 (classified as small and medium)<sup>3</sup>, 64% registered to the Viet Nam Social Security fund (VSS) in 2010. 33.7% of wage workers in the formal sector (5.4 million people) are not covered by social insurance and thus are classified as informal workers<sup>4</sup>

To achieve the target on social security coverage and increase financial sustainability in light of an ageing population and economic slowdown, Vietnam reformed its Social Insurance Law in November 2014. The first amendments came into effect as of 1 January 2016 until 1 January 2018. The project provides support to the Government for implementing these amendments. For instance, in 2017, the project provided support to the drafting of the Decree on Social Insurance of Migrant Workers, to be adopted in December 2017.

Furthermore, aligned with the vision of achieving universal social protection coverage by 2030, in April 2017, the Government adopted a Master Plan on Social Assistance Reform (MPSAR)

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<sup>2</sup> ILO and ILSSA 2017 (upcoming); Labour and social trends in Viet Nam 2012-2017

<sup>3</sup> Viet Nam Law on Supporting SMEs (2017)

<sup>4</sup> GSO, 2016 (upcoming); Report on informal employment

(2016-2025). To complement the MPSAR and reach the “missing middle” composed of those not poor but not in formal employment, the Government is now preparing the Master Plan on Social Insurance Reform (MPSIR). The project has placed the ILO as a prominent partner of the Government for the development of the MPSIR. The project met with the Deputy Prime Minister in two occasions, in March and November 2017 to exchange views on possible options for the social insurance reform. In addition, the project produced a number of technical and policy notes<sup>5</sup> to feed the dialogue and guide the preparation of the reform. The project supported a number of policy dialogue workshops and meetings, with the two flagship ones being those chaired by the Deputy Prime Minister and Minister of Labour on 27 March and 29 November 2017.

The project in Viet Nam is part of a comprehensive intervention aimed at support the improvement of social protection under different angles, towards the achievement of the Decent Work Country outcome VNM151: *Strengthened national capacities and knowledge base for the effective implementation of social security policies and strategies.*

**Box 1: ESSA project’s contribution to the CPO VN 151 (2016-17)- Programme and Budget Implementation Reporting**

Results achieved	ESSA’s Contribution
The Decree on Mandatory Social Insurance for Migrant workers drafted and submitted to the Government (to be adopted in December 2017).The Decree has been consulted with the social partners, including the foreign enterprises associations, Viet Nam Chamber of Commerce and Industry and Viet Nam General Confederation of Labour.	<p>The ESSA project provided comments on the proposed Decree to ensure the decree be aligned with international labour standards related to social security and labour migrations.</p> <p>The ESSA project supported the preparation of a technical note on social security for migrant workers: review of international labour standards and country practices in light of Viet Nam legal framework.</p> <p>The ESSA supported consultations to discuss about Improving migrant workers’ access to social protection in Viet Nam, including (1) The tripartite preparatory meeting for the ASEAN Forum on Migrant Workers (10 Sept</p>

<sup>5</sup> List of notes: Regional trends on international trends of social security (February 2017); Policy options for the social insurance reform of Viet Nam (May 2017); Discussion on options to the extension of social insurance coverage in Viet Nam (August 2017); International experiences for extending social insurance to migrant workers and recommendations for Viet Nam (March 2017); Comments on the draft Decree on social insurance for migrant workers (July 2017); Actuarial assessment of policy options for the reform of the social insurance system of Viet Nam (on-going); Comparative review of the contribution rates of different social insurance systems (August 2018).

2016, Hanoi) and (2) Technical discussion with MOLISA (19 Oct.2016).

ILO is now finalizing with the Government of Ireland a development cooperation project aimed at supporting the implementation of the MPSAR. In addition, ILO has also recently signed with the Government of Luxembourg, a three-year project to support improvement of the social health insurance. The three projects find a perfect complementarity, and place ILO as a very relevant development partner for the Government and social partners of Viet Nam, allowing the Organization to address the social protection reform towards universal coverage on a holistic and integrated approach. The ILO will engage with the work with the UN agencies, notably through the United Nations' Result Group on Inclusive Growth and Social Protection (see section 3.5. Engagement with UN agencies).

**Key finding:** In Viet Nam, the project arrives at a time of major reforms for reaching universal social protection. To complement the MPSAR and reach the “missing middle”, the Government is now preparing a Master Plan on Social Insurance Reform (MPSIR). The project has placed the ILO as a prominent and unique partner of the Government for the development of the MPSIR.

➤ **Relevance of the project's objective and focus in Indonesia**

In Indonesia, since its amendment in 2002, the Indonesian Constitution recognizes the right of all people to social security, and the responsibility of the State in the development of social security.

Indonesia is now implementing its National Social Security Law (Law No. 40/2004) and the Social Security Service Providers Law (Law No. 24/ 2011) aimed at extending social security coverage for the whole population in the areas of health, work injury, old age, and death of the breadwinner, adopting a multi-tier approach with non-contributory schemes for the poorest people, contributory schemes (with nominal and subsidized contributions) for the self-employed and informal economy workers, and statutory social security schemes (with contributions set at a percentage of wages) for formal sector workers and their dependents. However, the implementation has been slow since the enactment of both laws.

From 2014, social security schemes before managed by four State-owned limited liability companies were merged into two public social security administering bodies: BPJS-Health and BPJS-Employment (private companies' provident fund for old-age lump sum, old-age pension, employment injury, and funeral benefit). BPJS-Employment will also absorb the old-age lump sum scheme for the civil servant by 2029.

With the full operationalization of BPJS-Employment, the Government and social partners of Indonesia are joining efforts in promoting measures aimed at extending social security coverage in small and medium enterprises, self-employment and informal economy. In August

2016, Indonesia conducted a High-level tripartite dialogue on employment, industrial relations and social protection. The dialogue, with other resolutions, reiterated Indonesia’s commitment to extend social protection to all. The main agreed areas of action include:

- strengthening social security institutions;
- achieving social security coverage for all workers, including workers of the informal economy and migrant workers;
- assessing the conditions to launch an unemployment insurance; and
- reviewing pension policies and regulations.

The project directly contributed to the implementation of the agreed actions. In particular, a number of awareness raising and capacity building activities in the area of pension and employment injury reform, unemployment insurance schemes. The project also provides recommendations for improving the social security inspection system. Finally, the project is now conducting in-depth assessment of possible reasons for low registration to BPJS-Employment, looking at two sectors in particular, the coffee and motorcycle manufacturing.

The intervention in Indonesia contributes to the achievement of the Decent Work Country Programme outcome IDN103: *Government and social partners have greater capacity in designing and implementing social protection policies and programmes.*

**Box 2: ESSA project’s contribution to the CPO IDN 103 (2016-17)- Programme and Budget Implementation Reporting**

Results achieved	ESSA project’s Contribution
BPJS-Employment agreed on the findings and recommendations of a study on the social security inspection system.	The ESSA project supported the review of the social security inspection system and formulated recommendations for improvement. ILO organized a training for the social security inspectors of BPJS Employment (social security provider).

**Key finding:** Indonesia has set a clear agenda of extension of social insurance coverage with an ambition reform three years ago. Implementation issues remain immense.

**Project’s strategic fit as a contribution to global and regional commitments**

- *ILO Social Protection Floors Recommendation, No. 202 (2012) and Recommendation on the Transition from the Informal to the Formal Economy, No. 204 (2015)*

At the 101th International Labour Conference (ILC) in 2012, the ILO constituents committed to improve social protection coverage among informal and vulnerable workers by establishing nationally defined social protection floors as part of their progressively comprehensive social security systems (ILO Social Protection Floors Recommendation, 2012 (No. 202)). More



recently, in 2015, the 104th ILC adopted a new Recommendation on the Transition from the Informal to the Formal Economy, thus reiterating the importance of guaranteeing access to social protection to informal economy workers and facilitate transition to the formal economy. Recognizing the linkages between social protection gaps, poverty and vulnerability, and informality, the Recommendation advocates that in promoting the transition to the formal economy, governments should take actions to progressively extend, both legally and effectively, social security, maternity protection, decent work conditions and a minimum wage to informal economy workers (Art. 18). The extension of social protection coverage to the informal economy will require a comprehensive policy strategy that includes an appropriate policy mix of non-contributory and contributory schemes, the reduction of barriers to the formalisation of small and medium enterprises, and strong linkages with national employment policies.

The project clearly contributes to the promotion of principles and values embedded in these two Recommendations, as well as other social security related Conventions and Recommendations. The broad recommendation embedded in the MPSIR is for the establishment of a multi-tier system that will also adapt to the characteristics of the workers in informal employment. The Experts Meeting in May 2017 and Regional course on the extension of social protection in October 2017 included capacity building and information sessions to explain the principles and approaches of these two Recommendations.

➤ *ILO Global Flagship Programme on Building Social Protection Floors for All*

In 2015, the ILO Governing Body adopted a Global Flagship Programme on Building Social Protection Floors for All, as part of its overall Development Cooperation Strategy (2015-2017), thus reinforcing the role of the ILO in promoting and supporting the development and implementation of nationally defined social protection floors, as part of comprehensive systems of social protection. Among the 21 target countries of the ILO Global Flagship Programme on Building Social Protection Floors for All, five are ASEAN Member States (Cambodia, Indonesia, Lao PDR, Myanmar and Viet Nam); and the two of this flagship countries are target countries of the ILO/Japan ESSA Project.

➤ *The Sustainable Development Agenda by 2030*

The Sustainable Development Goals (SDG) recognize the increasing importance of social protection to reduce poverty and inequalities and achieve inclusive and sustainable development. The project intends to support the ASEAN Member States in achieving in particular

*SDG 1.3: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.*

Specifically the project responds to a need for technical advice and capacity building shared by ASEAN Member States for developing their monitoring framework on extending social protection, aligned with social protection-related SDGs indicators, in particular the SDG indicator 1.3.1. *Proportion of population covered by social protection floors/systems, by sex,*

*distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable.*

The project contributed to a number of technical discussions to define the monitoring framework<sup>6</sup> and prepared a technical note to explain the social protection related SDGs indicators.

➤ **The project relation with other initiatives and programmes at the ASEAN level**

In October 2013, 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”, ASEAN Declaration on Strengthening Social Protection, Brunei Darussalam, 9 October 2013.

The Declaration represents a clear commitment of the ASEAN Member States to strengthen social protection systems, including floors, across the region. Furthermore, expansion of social protection, including to workers of the informal economy, has to be linked with recent commitments to accelerate transition from the informal to the formal economy at global and ASEAN level: echoing the principles embedded in the ILO Recommendation No.204, the ASEAN Member States adopted a Declaration on Decent Work and the Transition to Formal Economy in November 2016.

The project was designed to provide direct support the implementation of the Declaration on Strengthening Social Protection and its Regional Framework. The project undeniably allows for greater exchange of experiences and development of knowledge on policy options and measures to extend coverage to all. In this sense, the project has been actively coordinating with the ASEAN Member States, through the ASEAN Secretariat. Notably, an agreement between the project, the Ministry of Labour of Thailand and the ASEAN Secretariat to conduct jointly the regional study on expanding social security coverage to workers of the informal economy was reached in October 2017. The study is an output of the ASEAN SLOM Work Programme (2016-20) under the coordinating role of Thailand.

Examples of knowledge product developed at the request of the ASEAN Member States are the *Unemployment protection: A good practices guide and training package* (Peyron Bista, Carter, 2017) and the technical note on social protection-related SDGs indicators.

The project has also provided inputs in a number of ASEAN meetings:

- ASEAN Workshop on Indicators of Strengthening Social Protection, 5 September 2016, Hanoi, Viet Nam;
- ASEAN High-Level Conference on Social Protection, 15-17 August 2017, Manila, Philippines; and

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<sup>6</sup> ASEAN Workshop on Indicators of Strengthening Social Protection, 5 September 2016, Hanoi, Viet Nam; ASEAN High-Level Conference on Social Protection, 15-17 August 2017, Manila, Philippines; and Twelfth ASEAN GO-NGO Forum on Social Welfare and Development, 17 October 2017, Yangon, Myanmar.

- Twelfth ASEAN GO-NGO Forum on Social Welfare and Development, 17 October 2017, Yangon, Myanmar.

### **Box 3: Contribution of the project to the implementation of ASEAN work programmes and frameworks**

The Regional Framework and Action Plan to implement the Declaration on Strengthening Social Protection<sup>1</sup> includes the following priority action:

**Advocate strategies that promote coverage, availability, comprehensiveness, quality, equality, affordability and sustainability of various social protection services including:**

a) Social insurance for informal workers:

Where appropriate and allowing for domestic policy consideration, provide for a mechanism so as to institute government subsidies/loans as an incentive for informal workers including but not limited to self-employed, micro entrepreneurs, small farmers, and fisher folks to contribute to the voluntary social insurance system; or explore the possibility of having a voluntary social insurance system if none was created [...]

c) Explore measures to promote greater access to social protection programmes and services

d) Where appropriate, encourage the participation of workers' organizations and employers' organizations, and explore possible partnership with the civil society to raise awareness of and better reach the informal workers

The ASEAN SLOM Work Programme (2016-2020) includes the following key result:

#### **4. Expanded social protection**

Expansion of coverage of social protection to all workers [...]

Regional study on expanding coverage of social insurance to informal sector

The project directly contribute to the implementation of these two ASEAN documents.

The ASEAN Members States, through the voice of their SLOM and SOMSWD focal points, as well as the ASEAN Secretariat have expressed their appreciation to the project for its support in advancing social protection in the region.

**Key finding:** The project's objective appears very relevant in the context of the ASEAN's Community integration. The project directly contributes to the realization of a number of ASEAN commitments, in particular the implementation of the ASEAN Declaration on Strengthening Social Protection and its Regional Framework, and the ASEAN SLOM Work Programme for 2016-20. The close coordination between the ASEAN agenda and the project work plan has been appreciated in many occasion by the ASEAN Member States and the ASEAN Secretariat. The project will be partner of the ASEAN for the conduct of regional study on expansion of social security to workers in informal employment.

## **3.2 Validity of project design**

### **The complementarity of the project outcomes**

The project is comprised of three inter-related outcomes, namely:

Immediate objective 1: Knowledge and expertise are increased among ASEAN Member States to extend social protection to all and as a result, measures are proposed at national level to extend social security coverage in ASEAN, emphasizing on self-employed, informal and MSMEs workers.

Immediate objective 2: More workers are covered by social security schemes, through improved policy, legal framework, and enforcement and delivery mechanisms in Viet Nam.

Immediate objective 3: More workers are covered by social security schemes, through improved implementation arrangements, enforcement measures and support services in Indonesia.

The three immediate objectives build off one another and are complementary.

Under the first component of the project, knowledge and research products on extension of social protection, in 2017, the project prepared a background paper which will be used to conduct the ASEAN Study on expanding social security coverage to workers of the informal economy. The ASEAN Study will also benefit from the lessons learnt and knowledge produced in Viet Nam and Indonesia, including the national studies to improve the social security inspection system and the national sectoral assessments of social security deficits. Experiences, practices, knowledge developed at country level is therefore disseminated across the ASEAN Member States through the first component of the project.

The other way around, the experts' meeting (May 2017) and regional course (October 2017) implemented under the first outcome have proven also to be very relevant to constituents of Viet Nam and Indonesia to advance further the national dialogue for policy options for the reform of their social insurance system.

Complementarity is strong between the three components in the sense that knowledge produced under the regional component is shared with Indonesia and Viet Nam, and vice et versa lessons learnt and experience are exchanged between Indonesia and Viet Nam, and with other ASEAN Member States.

**Recommendation:** As the project covers only two ASEAN countries, it is recommended for preparing the ASEAN Study on expanding social security coverage to workers informal employment to build synergies with other technical assistance projects working in this field in the region, including projects implemented by the ILO. For instance, Cambodia is currently receiving ILO's support to extend coverage of its social insurance system.

### **Integration of gender concerns in the project design**

In terms of gender concerns, the project document did not include specific outputs aiming to promote gender-responsive social protection measures, although a reference to gender issues

was included in a number of outputs. However, throughout the project's activities implementation, relevant references are made to ensure that gender issues are addressed properly. For instance the background paper to the ASEAN study on extension to informal employment looked specifically at gender issues among workers not covered by social protection and workers in the informal economy.

**Box 4: Gender-related recommendation of the background paper to the ASEAN Study on expanding social security coverage to workers of the informal economy**

Only Brunei and Singapore have lower percentages of women as compared to men in vulnerable employment. All other countries have considerable gender gaps ranging from 23 percentage points in Indonesia (where the percentage of women in vulnerable employment practically doubles that of men) to only 3.4 percentage points difference in Thailand. This means that in addition to having smaller probabilities to join the paid workforce, women have higher probabilities to end up in vulnerable employment. This is a key element to consider in the design of extending coverage or increasing benefits of the social protection systems in ASEAN.

*Source: E. Villagomez: Final report for the ILO consultancy on social protection to document practices relevant to extend social security coverage to workers of the informal economy in the ASEAN context, 2017.*

In Viet Nam, although gender concerns did not form a stand-alone output, in the dialogue for extending social security coverage in Viet Nam, MOLISA, supported by VGCL and VCCI, requested the project's support to design the extension of the maternity cash-benefits to female workers of informal employment. The technical study will be conducted in 2018. The new benefit is likely to be included in the Master Plan on Social Insurance Reform.

**Key findings:** Viet Nam's constituents requested the project's support for the design of the extension of maternity benefits to women in informal employment. Such reform will be introduced in the MPSIR.

### **Design of the project's monitoring system**

The project implementation is guided by a number of tools which have been set to support its timely, effective progress and report regularly to the implementing partners and donors. These tools include the yearly progress report to the donors, presentation of project's progress to the SLOM and SOMSWD, the work plan, implementation plan and budget monitoring sheets. As importantly, the design also included a set of performance indicators which enable to measure progress of the reports towards the achievement of the set outcomes.

The performance indicators are referred regularly and have proven to be a useful tool to report the project progress. Nevertheless it can be noted that achievement of the main indicator to

report progress of outcome 1, “Number of countries that have improved legal and institutional frameworks to extend social security coverage to self-employed, informal and MSMEs workers” is set at three countries. It is worth noting that while reforms in Indonesia and Viet Nam can be directly imputed to the project, such reforms in other countries will have received direct support from other ILO projects and donors. While expertise and experience will be developed through the project, it is important that the project collaborates closely with other country’s projects to ensure sharing of this knowledge.

**Recommendation:** The Chief Technical Advisor (or Project Manager) and the Senior Technical Specialist on Social Protection of the DWT-Bangkok should establish a mechanism to ensure sharing of information and collaboration with other ILO’s development cooperation projects working on the same topic in other countries, on a more systematic manner, rather than ad-hoc.

### 3.3 Project progress and effectiveness

In the period since its inception, the project has completed the expected key outputs according to the agreed work plan. It is therefore anticipated that the project will deliver all its outputs within the given timelines. Project’s progress is reported yearly to the Tripartite Project Committee and the ASEAN SLOM and SOMSWD. In 2017, because of the change of CTA, it was decided that the meeting of the Tripartite Project Committee will be postponed to after the arrival of the new Project Manager and the annual donor’s review meeting; therefore tentatively to February 2017.

#### Progress under immediate objective No. 1

*Immediate objective 1: Knowledge and expertise are increased among ASEAN Member States to extend social protection to all and as a result, measures are proposed at national level to extend social security coverage in ASEAN, emphasizing on self-employed, informal and MSMEs workers.*

Progress against output achievement	Completed	On track	Delayed
Output 1.1: Knowledge and expertise on strategies and practices to improve coverage of self-employed, informal and MSMEs workers, and compliance of social security laws.		X	
Output 1.2: Capacity of ASEAN policy makers, practitioners and social partners to design and implement social protection policies strengthened and pool and experts are available to be deployed for South-South cooperation.		X	

Key milestones outputs under the immediate objective 1 have included the completion of background report to the ASEAN study on expansion of social security to workers in informal employment, experts’ meetings, regional course on the extension of social protection, technical note on social protection-related SDGs indicators, and the publication of the *Unemployment Protection: a good practices guide and training package*.

The project provided inputs to the discussion among ASEAN Member States to define its monitoring framework to measure extension of social protection. The project proposed and justified the reasons for opting for the list of SDG indicators related to social protection. Thanks to the project's interventions, the list now being discussed among the ASEAN Member States, under SOMSWD leadership includes the eight SDG 1.3.1 indicator, plus SDG 8.b.1 related to public social protection expenditures and SDG 3.2.1 measuring progress in births attended by skilled medical staff.

The project conducted a review of the ASEAN's framework documents (Blue Prints, Declaration, Frameworks, Work programmes, etc...) and labour market and employment indicators to identify opportunities and challenges to the extension of social protection. In addition the project reviewed a number of countries' cases from outside the ASEAN that are relevant to the ASEAN context. These three reviews constitute one of the background papers to the ILO-ASEAN study on expansion of social security to workers in informal employment, which will start in January 2018. An experts' meeting organized in May 2016 discussed preliminary findings of the reviews and country experiences, of the study as well as others, and national technical studies being conducted in Indonesia and Viet Nam.

**Key finding:** The ASEAN Member States value the ILO's expertise and engagement of social partners in issues related to social protection. They requested the project to jointly prepare the ASEAN study on expansion of social security in ASEAN.

In October 2017, in Jakarta, 29 policy makers attended a course on extension of social protection, co-organized with the International Training Center of the ILO. The course tested and collected feedback to improve the trainers' package on extension of social protection to workers in informal employment. The course was highly appreciated as shown by the evaluation filled by participants.

**Lesson learnt:** Informal employment concepts are not always cleared among policy makers. In the continuation of the project, it is recommended to invite Specialists working on the transition from informal to formal employment to deliver presentation on this topic.

**Box 5: Feedback from participants to the regional course on extension of social protection:**

*"Thank you for support with creating the very exciting training course because it is very important to extend social security coverage to informal sector in Lao PDR. If you have information and documents, they very important for regulation and other matters. Can you please send to me because I want to research and study to develop my knowledge",* representative of the Ministry of Labour and Social Welfare of Lao PDR.

*"Thank you for the opportunity to participate in the ILO training. It was a revelation for me. Especially, when I discussed with another participant and catching up with latest development in the region. I believe the training can be useful to push Indonesia social security forward. It gave me many useful insight and different perspective. Looking forward to another cooperation with ILO",* representative of the Cabinet of the President, Indonesia.

The year concluded with an agreement that ILO will be partner of the ASEAN study on expansion of social security. The concept note that describes the objective and process to prepare the study is attached in Annex 2.

Finally, unemployment protection remains a priority in several countries of the ASEAN region. The project also published in 2017 the *Unemployment protection: a good practices guide and training package*. The guide was developed on the basis of experiences, knowledge and tools capitalized during the Phase I of the project, *Promoting unemployment insurance in ASEAN (2011-13)*.

### Progress against performance indicators

	C	O-t	D	Remarks
<b>Indicators for Outcome 1</b>				
Number of countries that have improved legal and institutional frameworks to extend social security coverage to self-employed, informal and MSMEs workers.		X		This will be measured at the end of the project. In addition to Viet Nam and Indonesia, countries requesting technical support in this area are Cambodia and Myanmar.
<b>Indicators for Output 1.1: Identification and documentation of existing income-security measures and ES. Monitoring of their expansion among ASEAN countries.</b>				
Number of recommendations to extend social protection coverage adopted by the ILO-ASEAN seminar, in line with ILS		X		To be reported at the end of 2018
Number of copies of the report on country experiences and recommendations to relevant government agencies and social partners distributed.		X		To be reported in March 2019
Number of inputs shared with the technical team preparing the global guide on extension of social protection to the workers of the informal economy	X			One Headquarter staff in charge of drafting the global guide attended the Experts' Meeting on extension of social protection, May 2017, Bangkok. The course in Jakarta, October 2017, tested the trainers' modules. The Modules A and C were amended following the project's recommendations. The project will prepare two cases studies for the trainers' guide (Viet Nam and Mongolia).
Number of female and male policy makers and practitioners trained on measures for improving social security coverage (design, enforcement, institutional arrangements).	X			29 policy makers attended the regional course in Jakarta in October 2017. In addition, the project trained policy makers in Indonesia and Viet Nam (see below).
Number of male and female workers' and employers'				29 policy makers attended the regional course in Jakarta in October 2017. In addition, the project



representatives who are trained and informed for better engaging in policy discussions for reforming social protection.

trained policy makers in Indonesia and Viet Nam (see below).

**C: Completed, O-t: On-track, D:delayed**

**Progress under immediate objective No 2.**

*Immediate objective 2: More workers are covered by social security schemes, through improved policy, legal framework, and enforcement and delivery mechanisms in Viet Nam.*

<b>Progress against output achievement</b>	<b>Completed</b>	<b>On track</b>	<b>Delayed</b>
Output 2.1: Analysis of impediments and recommendations for extending social insurance coverage (review of legal/design and implementation aspects).			X
Output 2.2: Improved policy and legal frameworks for a better enforcement of the social security laws.		X	
Output 2.3: Enhanced functions and capacity of social insurance/labour inspection		X	
Output 2.4: Support to Viet Nam Social Security for public administration reforms (streamlining procedures and services for social insurance registration, payment of contributions, benefits claims and appeals), if relevant in one proposed sector of the economy.		X	
Output 2.5: Awareness and understanding raised on benefits of social security and rights and obligations of employers and workers		X	

The project grew its relevance and significance during the past few months. The Government of Viet Nam has announced the development of the MPSIR, as part of its strategy to reach universal coverage. Because of the quality of the advisory services and technical notes, as well as the alignment of Viet Nam’s vision on social protection with ILO principles and values, the project positioned itself as the prime interlocutor of the Government in the preparation of the MPSIR.

On 8 November, the Country Director for Viet Nam and Senior Social Protection Specialist of the DWT – Bangkok met with the Deputy Prime Minister, supported by his Minister of Labour, Minister of Home Affairs, Director General of Viet Nam Social Security (VSS), Deputy Head of Party Economic Commission, Leaders from VGCL, VCCI and senior members of the National Steering Committee for Wage and Social Insurance reforms to discuss possible options for the social insurance reform. The Deputy Prime Minister reiterated his satisfaction with ILO’s technical advice and reiterated the priority given to such reform. The project supported the organization of the two high-level events related to the extension of social security, chaired by the Deputy Prime Minister and Minister of Labour, with large coverage in the media.

In addition to facilitating several policy dialogue workshops, the project produced a number of technical notes:

- Regional trends on international trends of social security (February 2017);
- Policy options for the social insurance reform of Viet Nam (May 2017);
- Discussion on options to the extension of social insurance coverage in Viet Nam (August 2017);
- International experiences for extending social insurance to migrant workers and recommendations for Viet Nam (March 2017);
- Comments on the draft Decree on social insurance for migrant workers (July 2017);
- Comparative review of the contribution rates of different social insurance systems (August 2017);
- Presentation to the Deputy Prime Minister (November 2017);
- Actuarial assessment of policy options for the reform of the social insurance system of Viet Nam (on-going).

The research results of the first phase of the sectoral assessment of social security deficits, including methodology and sectors (construction and bamboo sectors), were discussed and endorsed in March and May 2017 respectively. The second phase of the sectoral assessments is now being discussed with MOLISA. MOLISA also requested to expand the studies to other sectors where informal employment is high. It could be done in conjunction with the ILO Project on formalization of the informal employment, implemented by CO-Hanoi. The findings of the review of the social security inspection system were also discussed in May 2017 in a tripartite consultation and received appreciation from the different tripartite partners.

The 2014 reform of the Law on Social Insurance extends coverage to the non-national workers. The project supported two consultations to build capacity and explain international standards related to this matter. The project provided comments on the draft Decree on social insurance for migrant workers, to be adopted in December 2017 and implemented in January 2018.

**Key finding:** In Viet Nam, the project is operating at a very crucial time when the Government is undertaking major reforms of the social protection system (social assistance, social insurance and social services). Thanks to the presence of the project's team, both at the ROAP and CO-Hanoi, the ILO has been able to provide timely response with expertise to the social insurance reform and preparation of the MPSIR. The Deputy Prime Minister, as well as a number of other key Ministers, recognizes the project as essential partner of the reform process.

### Progress against output achievement

	C	O-t	D	Remarks
<b>Indicators for Outcome 2</b>				
Number of people previously excluded that are now covered		X		By November 2017, VSS reported 14.6 million insured workers.
<b>Indicators for Outputs</b>				
Number of meetings for identifying gaps and recommendations for improving social insurance coverage			X	The project team met twice with SID-MOLISA to discuss the methodology and work plan for the research. In consultation with SID-MOLISA, VCCI, two sectors are selected for analysis: bamboo and construction. The Fact finding mission conducted in March 2017.

			More than 10 meetings with MOLISA (with Vice minister and relevant department, including SID, SPD and DSW), National Assembly – Social Affairs Commission, VCCI, VGCL, VSS by ESSA project, actuarial consultants.
Number of female and male participants, and workers and employers’ representatives, attending the consultation workshops		X	The fact finding missions in Viet Nam was conducted in March and May 2017 in Ha Noi, Ho Chi Minh city, Bac Ninh, and Quang Nam provinces. 54 female and male participants, including employers, workers in 2 selected sectors: bamboo and construction were consulted. Besides, the fact finding missions also consulted with VCCI and VGCL.
Number of recommendations aimed at extending social insurance coverage endorsed by tripartite constituents		X	There were 10 recommendations in the social security inspection study, without any objection from the tripartite constituents. There were 5 recommendations for the Draft Decree on SI for migrant workers in Viet Nam. A number of recommendations for social insurance reformed are being prepared submitted, to be consulted widely in early 2018.
Number of legal documents revised and reflecting the ILO position		X	The ILO provided comments on the draft Decree on SI for migrant workers.
Number of consultations conducted to discuss the revisions and improve understanding of ILO’s position		X	Two consultations took place in 2016 and 2017 to explain the importance of guaranteeing migrant workers’ access to social protection. MOLISA attended the experts’ meeting on extending social protection to migrant workers, July 2017, Bangkok, organized by the ILO Triangle Project.
Number of measures and training material for improving role of social insurance/labour inspectors endorsed by tripartite constituents		X	To be reported by the end of 2018.
Number of meetings for discussing the amendments to procedures and possible new mechanisms		X	To be reported by the end of 2018.
Number of male and female participants, workers’ and employers’ representatives participating to the meetings		X	To be reported by the end of 2018.
Number of amendments to procedures and possible new mechanisms endorsed by tripartite constituents		X	To be reported by the end of 2018.
Number of male and female workers’ and employers’ representatives attending the workshops		X	To be reported by the end of 2018.
Number of support prepared to help raising awareness on social protection		X	One media information session organized to increase the media/society awareness about expansion of social protection coverage. Two replies for media inquiry about extension of social protection coverage and social insurance for migrant workers.

C: Completed, O-t: On-track, D:delayed

### Progress under immediate objective 3- Indonesia

*Immediate objective 3: More workers are covered by social security schemes, through improved implementation arrangements, enforcement measures and support services in Indonesia.*

Progress against output achievement	Completed	On track	Delayed
Output 3.1: Analysis of impediments and recommendations for extending social insurance coverage (review of legal/design and implementation aspects).		X	
Output 3.4: Enhanced role of the social security inspection, learning from different countries' experiences including the Sharoushi system of Japan.	X		
Output 3.4: Support to BPJS-Employment for streamlining procedures and services for social insurance registration, payment of contributions, benefits claims and appeals, if relevant in one proposed sector of the economy.		X	
Output 3.4: Awareness and understanding raised on benefits of social security and rights and obligations of employers and workers		X	

The research results of the review of the social security inspection system and the first phase of the sectoral assessment of social security deficits, including methodology and sectors (coffee and motorcycle), were discussed and endorsed in March and May 2017 respectively. The second phase of the sectoral assessments is now being conducted in partnership with BPJS-Employment. In December 2011, the project supported a national workshop to discuss preliminary findings of the surveys and interviews of the second phase. BPJS-Employment will use the methodology to replicate similar assessments in other sectors.

The ten recommendations of the social security inspection review were adopted by the constituents without any objection. BPJS-Employment is now contemplating the implementation of some of these recommendations.

**Key findings.** The project is closely implemented with BPJS-Employment. As a result, the findings and recommendations of the different research products are likely to be translated into actions.

The ILO is supporting the government and representatives of employers and workers in organizing campaign for raising awareness on social protection. The econometric study “Social security and firm performance among Indonesian manufacturing firms” is completed and results were shared with tripartite constituents in December 2017.

### Progress against output achievement

	C	O-t	D	Remarks
<b>Indicators for Outcome 3</b>				

Number of people previously excluded that are now covered	X			By June 2017, 20 million workers were insured under BPJS-Employment.
<b>Indicators for Outputs</b>				
Number of meetings for identifying gaps and recommendations for improving social insurance coverage			X	The research results of the review of the social security inspection system and the first phase of the sectoral assessment of social security deficits, including methodology and sectors, were discussed and endorsed in March and May 2017 respectively.
Number of female and male participants, and workers and employers' representatives, attending the consultation workshops		X		The dissemination workshop for the study on 23 May 2017 was attended by 32 participants
Number of measures and training material for improving role of social insurance/labour inspectors endorsed by tripartite constituents		X		There were 10 recommendations in the social security inspection study, without any objection from the tripartite constituents. BPJS-Employment is now contemplating the implementation of some of these recommendations. A training for social security inspectors also took place in March 2017.
Number of meetings for discussing the amendments to procedures and possible new mechanisms		X		To be reported by the end of 2018.
Number of male and female participants, workers' and employers' representatives participating to the meetings		X		To be reported by the end of 2018.
Number of amendments to procedures and possible new mechanisms endorsed by tripartite constituents		X		To be reported by the end of 2018.
Number of male and female workers' and employers' representatives attending the workshops		X		To be reported by the end of 2018.
Number of support prepared to help raising awareness on social protection		X		The study "Social security and firm performance among Indonesian manufacturing firms" is completed and results were shared with tripartite constituents in December 2017.

**C: Completed, O-t: On-track, D:delayed**

### 3.4 Involvement of stakeholders

The project has sought to involve stakeholders at multiple levels and through different channels and at various stages of the project.

At the regional level, the project has established a Tripartite Project Advisory Committee (TPAC). The TPAC is composed of representatives of the ASEAN Senior Labour Official Meeting (SLOM), ASEAN Senior Officials Meeting on Social Welfare and Development (SOMSWD), ASEAN Trade Union Congress, ASEAN Confederation of Employers, workers and employers of the ASEAN Member States, and of the ASEAN Secretariat. The TPAC

discusses annually the progress of the project implementation and eventual adjustments on the PRODOC work plan. The TPAC met last in November 2016, in Manila, Philippines. The next TPAC meeting will take place in February 2018, in Bangkok, following some changes in the management of the project (see 3.7. Effectiveness of the management arrangements).

In addition, the project reports annually to the ASEAN Senior Labour Official Meeting (SLOM), ASEAN Senior Officials Meeting on Social Welfare and Development (SOMSWD). The project is also in continued interaction with the ASEAN Secretariat. The communication between the ASEAN Secretariat and the project works smoothly and effectively, chiefly through regular communication via email, periodic face-to-face meetings (when participating in the same regional events), sharing of key documents for review and comments.

**Key finding:** The project has allowed the ILO to position itself as the key partner of the ASEAN Member States for advancing the social protection agenda in the sub-region. Beside the ASEAN study on expanding social security to workers in informal employment, the ILO is also supporting the ASEAN studies on pension systems and the ASEAN studies on portability of social security. These three studies are cornerstones of the future of social protection in the region.

In Viet Nam and Indonesia, the project team conducted regular tripartite information sessions, specifically aimed at discussing the progress of the project's implementation and any adjustments if relevant. All country level activities are conducted with a tripartite approach, from the design phase of a study to the dissemination of the results and follow up on the recommendations.

**Lessons learnt:** Government and social partners in Viet Nam and Indonesia shared that they are often solicited to be member of project's committees or task forces, which is a common feature of development partners' projects. Because the project has a regional dimension and funds at country level are limited, constituents of both countries have recommended organizing tripartite consultative sessions rather than institutionalizing a tripartite project committee.

### 3.5 Engagement with United Nations agencies

#### **Work with the UN agencies in Viet Nam**

In January 2017, the UN Result Group on Inclusive Growth and Social Protection (UN Group) appointed the ILO as Chair of their Group, with UNDP being Vice-Chair. The UN Group committed to support the implementation of the Master Plan on Social Assistance Reform, including a number of supports on raising awareness of decision makers and the public on benefits of social protection to create consensus for reforms; support the efficiency of existing and design of new schemes and development of the legal framework through capacity building and feasibility studies; developing new and improved mechanisms for service delivery, with a focus on reaching out

the ethnic minorities and marginalized mountain populations (payments, information management, M&E); and developing trainings for social protection staff at the policy and operational levels

The most progressing joint undertakings of the UN Group are a UN capacity building programme on social protection. It is agreed between members of UN Result Group on Inclusive Growth and Social Protection that TRANSFORM (the African Learning Package, originated from the ILO-led project “Building National Floors of Social Protection in Southern Africa”, on Building and Managing Social Protection Floors) will be adapted to be used as the training package for Viet Nam.

ILO is now collaborating with UN Women in the diagnosis, policy advocacy and design of the maternity extension to workers in informal employment.

ILO is also working with UNICEF and FAO in a project to support MOLISA for a Technical note with key recommendations and options for Shock-responsive social protection policies and regulations. It is part of an ECHO-supported Joint UN Project “Strengthening capacity of ASEAN Member States to develop risk-informed and shock-responsive social protection systems for resilience”, led by FAO (hereafter ECHO-supported Joint UN Project). The project conducts similar research and policy dialogue in four ASEAN Member States simultaneously (Philippines, Cambodia, Myanmar, Vietnam) with the objective to encourage exchange of experiences and knowledge, and to support the development of the ASEAN Guidelines on risk-informed and shock-responsive social protection

### **Work with the UN agencies in Indonesia**

The UN Partnership for Development Framework (2016-2020) in Indonesia focuses on four key priority outcomes. The ILO co-chairs the result group 1 on poverty reduction, equitable sustainable development, livelihoods and decent work and contributes to other result groups, i.e. result group 2 on equitable access to social services and social protection, result group 3 on environmental sustainability and enhanced resilience to shocks, and result group 4 on improved governance and equitable access to justice to all. Each of these outcome areas responds to Indonesia’s development context and the National Medium Term Development Plan (RPJMN).

The United Nations support the Government in strengthening its social protection system and play a key role in evidence generation, social dialogue, research on the current social protection system and development of alternative policy options.

As the global custodian for fourteen (14) sustainable development goals (SDGs) indicators, the ILO leads collaboration work on decent work, including the development of SDG Baseline Report on Decent Work in Indonesia.

### **3.6 Efficiency of resource use**

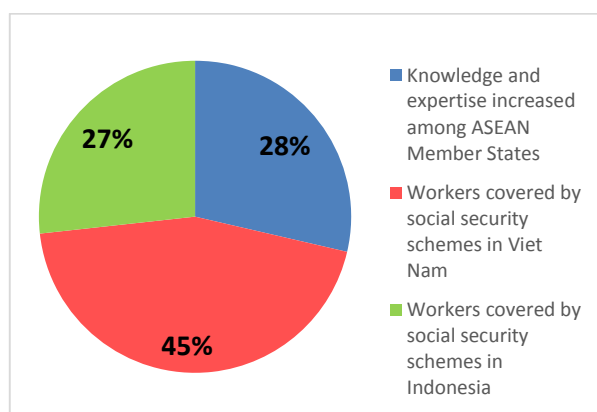
To date (6 December 2017), the project has a commitment rate of 36.76% and an expenditure rate of 10.69%.

**Key finding:** The current delivery rate against the agreed work plan and expenditure plan for the remaining period indicate that the project is very likely to ensure delivery of all activities within the given timelines. It can also be foreseen already that some savings, resulting from synergies and cost-sharing with other ILO and external projects, may enable the inclusion of supplementary activities which will be decided with the donors and the Tripartite Project Advisory Committee. Discussions will take place during the TPAC meeting in November 2018.

A cut in the financial allocation for the year 2017 led to an immediate revision of the project document at the early state of the project implementation. The agreed decision between the ILO, the donor and the ASEAN Secretariat was to remove project's interventions in Myanmar, and keep only Viet Nam and Indonesia as focus countries. The final project document was approved mid-June 2016.

In terms of resource allocation, approximately 9.74 per cent of resources allocated to activities are spent at ASEAN level, 15.19 per cent are allocated to Viet Nam activities, and 9.1 per cent to activities in Indonesia.

**Graph 1:** Repartition of the budget allocated to activities among the three immediate objectives



In terms of technical and other project staff, the allocation accounts for 54.05 per cent of total resources, in addition, operation, maintenance and general programme support costs amount to 11.92 per cent.

### 3.7 Effectiveness of management arrangements

The project is nested under the Regional Office for Asia and the Pacific, and implemented in close collaboration with the Decent Work Team for South-East and East Asia (DWT-Bangkok). Country-level activities for Viet Nam and Indonesia are relayed by a national project officers and support staff based in Hanoi and Jakarta, and reporting to the Chief Technical Advisor (CTA) of the project located in Bangkok who is responsible for regional coordination as well as country-level activities in Indonesia and Viet Nam. Technical backstopping of the project falls under the Senior Social Protection Specialist of the DWT-Bangkok.



**Key finding:** The thinking of innovative approaches for extending social security, in particular to workers in informal employment, was supported by the interaction with other ILO's projects in the region. The location of the CTA in the regional hub of the ILO facilitated this exchange of experiences, via the Senior Social Protection Specialist of the DWT.

The human resource arrangement which establishes one full-time CTA relayed by one full-time national project officer in Hanoi and one in Jakarta, and supported by a full-time administrative support person in Bangkok and part-time support staff in Hanoi and Jakarta was certainly necessary for such type of multi-country development cooperation project. Such management arrangement, with a CTA based in the ROAP, has proven to be very effective to support ASEAN activities in collaboration with the DWT and other units of ROAP in Bangkok. Such synergies included technical inputs to other ILO's activities on social protection and also broader support to the ASEAN Secretariat on issues related to the enhancement of social protection.

The reporting between the CTA and the two national officers works smoothly, chiefly through regular communication via email and Skype and through periodic missions to support the activities implementation.

The CTA left the project on 12 November 2017. Selection and interviews for selecting the replacement, as Project Manager, is now taking place.

**Recommendation:** The ILO DWT-Bangkok will soon have two Social Protection Specialists based in Bangkok. While the CTA of the ILO/Japan project contributed greatly to the advancement of the ILO's social protection agenda in the region, complementing the role of the DWT Social Protection Specialist, with the new human resources structure, for the next phase of the project, it could be envisaged to base the Project Manager in one of the country of direct intervention, in order to reinforce the ILO's presence at country level.

### 3.8 Impact orientation and sustainability of the project

The presence of a social protection team in Indonesia and Viet Nam, and the regular missions of the CTA, contributed to rekindle the role of the ILO as a partner for social protection reforms. This is particularly noticeable in Viet Nam, where the Deputy Prime Minister has confirmed the crucial role of ILO in this reform.

The comprehensive reform of the social insurance system envisaged by the Government of Viet Nam and supported by the project will have a major impact on the income security of workers and their families, increasing coverage by few millions workers.

The project is designed to support in particular two countries among the 10 of the ASEAN. Nevertheless, the awareness raising and knowledge sharing activities at the ASEAN level, as

well as the presence of a CTA in ROAP created ripple effects across countries the sub-region. Extension of social security coverage is clearly a priority in Cambodia, Myanmar, Philippines and Thailand. These countries benefit from the project too, through the regional outcome and expertise of the CTA.

The project supports the ASEAN Member States in defining their monitoring framework to measure the extension of social protection. The project strongly recommended using the eight sub-indicators of the SDGs indicator 1.3.1. This framework will have a dual purpose of, firstly, measuring commitment of ASEAN Member States in giving effect to the Declaration on Strengthening Social Protection, secondly monitoring ASEAN Member States' progress in achieving SDGs 1.3.1. ASEAN Member States have already requested ILO's support for the final discussion prior to approval of the monitoring framework and capacity building for reporting on the proposed indicators. The monitoring framework will be implemented by the ASEAN Community Statistical System (ACSS) Committee.

**Direct contribution to the SDGs implementation:** The ASEAN monitoring framework on social protection, developed with the support of the project, will constitute the tool for ASEAN Member States to report on SDG indicator 1.3.1.

### 3.9 Conclusions

The ILO/Japan-ASEAN Project, Extending social security in ASEAN is the third phase of the ILO/Japan project on social protection, implemented since 2011.

The project plays a crucial role in supporting ASEAN constituents in moving forward the social protection agenda. The project finds all its relevance as extension of social protection, and in particular social insurance is a priority in many national socio-economic strategies, as well as the ASEAN level at a time of deeper economic integration.

At mid-term of its implementation, the project contributed already to strengthen the capacity and understanding of ASEAN constituents on possible strategies for extending social protection to male and female workers in informal employment. The forthcoming ILO-ASEAN study on expansion of social security will constitute a major reference to promote and shape policies for extending coverage in ASEAN. It will also constitute one of the pillar of ILO analysis and research on the future of social protection.

The project's support to Viet Nam to reform its social insurance system propelled social protection at the top of the Government's priorities. The envisaged reform, inspired from ILO principles and values, is expected to improve income security and life of million workers and their family, in particular those in informal employment.

To conclude, the project is implementing its activity as per the agreed project document and the project is very likely to ensure delivery of all activities by March 2019, and has been able to adapt to emerging demands too.

Given the positive outlook of the project and the increasing demand for technical assistance for extending social protection in ASEAN, as well as the deepening of the need for expertise, it is strongly advisable to extend the project to a next three year phase. The next phase would include support to the implementation of the social protection related SDGs and reporting of achievement, assistance to Viet Nam to implement the social insurance reform, and technical support to additional countries in quest of reforming their social security system (Cambodia, Myanmar among others).

#### **Key Recommendations:**

1. Start exploring funding possibilities for an extension of the project (time and countries).
2. Discuss with the ASEAN Member States the modalities for the establishment a capacity programme for the achievement of the social protection related SDGs, starting with capacity building for the compilation and reporting of the SDGs indicator 1.3.1.
3. For preparing the ASEAN Study on expanding social security coverage to workers informal employment, build synergies with other technical assistance projects working in this field in the region, including projects implemented by the ILO.
4. Establish a mechanism to ensure sharing of information and collaboration with other ILO's development cooperation projects working on the same topic in other countries, on a more systematic manner.
5. Explore funding and partnership opportunities for continuation of the project for the implementation of the social insurance reform in Viet Nam in the years to come.
6. For a potential next phase of the project, explore pros and cons of decentralizing the project management to one of the focus country, in order to reinforce the ILO's presence at country level.

## **ANNEXES**

## Annex 1: Terms of Reference of the mid-term evaluation

Project Title	Extending social security in ASEAN (ILO/Japan-ESSA Project)
Project code	RAS/16/XX/JPN (for year 2016) RAS/17/XX/JPN (for year 2017)
Donor agency	Ministry of Health, Labour and Welfare of Japan (through the ILO/Japan Multi-bilateral Programme)
Project duration	May 2016 to March 2019
Budget	US\$ 2,007,076 (as per 13 November 2017)
Period covered by the mid-term evaluation	May 2016 to December 2017
Date of mid-term Evaluation	November 2017

### 1. Background/Rationale

Evaluations play a crucial role in the management and success of a project: they provide key inputs for the project's improvement, either for an on-going project, in the case of mid-term evaluations, or for future extension or similar initiatives, in the case of final evaluations.

In the case of mid-term evaluations, the option of carrying out the evaluation internally - i.e. having the evaluation performed by those "entrusted with the design and delivery of an intervention, including project management, technical specialists and backstoppers" (ILO Evaluation Guidance Note #2: Mid-term evaluations and lessons learned) can be a desirable option for a number of reasons: first, self-evaluations are less resource intensive (since there is no external collaborator involved); second, they can be carried out quickly, since they are performed by staff who are already familiar with the intervention and its context; and finally they are particularly rich sources of inputs for project improvement, since those involved in project management are in a very good position to identify and use good practices and lesson learnt (ILO Evaluation Guidance Note #9– Internal Evaluation for Projects).

In view of these considerations, which are made particularly relevant by the fact that the ILO/Japan-ESSA Project is in the middle of its implementation and will end in 15 months, and following consultation with the backstopping officer, the ILO-Japan Multi-bilateral Programme management, and the Evaluation officer at ROAP, it was decided that the project would opt for a self-evaluation. An external final evaluation will be carried out at the end of the project.

The mid-term evaluation of the project's implementation comes at a crucial time, as it will provide information first for on-going project's improvement and eventual adjustments, and second for starting designing a potential second phase of the project.

## **2. Project brief**

There is globally and in the Asia Pacific region a growing consensus that the establishment of social protection floors is a key element of the policy framework to reduce poverty and inequalities and achieve inclusive and sustainable development. It is at the core of the Sustainable Development Goals by 2030. During the past decade, ASEAN countries have made progress in extending social protection, with the emergence of statutory schemes in all ASEAN countries. However, coverage and level of protection across the population and across countries remain unequal and insufficient. There is still a need for improving policy and institutional framework for the effective and efficient delivery of social protection.

In October 2013, ASEAN Heads of State adopted a Declaration on Strengthening Social Protection, pledging for the completion of social protection floors as a priority to achieve growth with equity. The Regional Framework for Strengthening Social Protection and its Plan of Action, adopted by the ASEAN Heads of State in November 2015, includes among its priorities the extension of social security coverage among informal economy workers, self-employed and micro, small and medium enterprises (MSME) workers.

Building on the achievements of the past two phases of the ILO/Japan Project on Promoting and Building Social Protection in Asia (2011-2013 and 2014-2016), and the solid partnership with ASEAN Member States, a third phase of the Project is here proposed, as a component too of the ILO's Global Flagship Programme on Building Social Protection Floors for All. The new phase aims specifically at fostering knowledge, capacity and expertise for extending social security coverage in ASEAN. The project intends to generate better knowledge, understanding and expertise on extension of social security, and stimulate South-South cooperation across ASEAN Member States. The project provides direct support to Indonesia and Viet Nam for increasing social protection coverage. Lessons learnt, experiences and good practices from the two countries will be disseminated across the ASEAN Member States and worldwide.

## **3. Purpose/objectives of the mid-term evaluation**

The ILO/Japan-ESSA Project's mid-term evaluation seeks to accomplish the following objectives:

- To review the validity of the project design, i.e priorities, outcomes, outputs, activities and budget;
- To assess the progress of the project against the approved logical framework and workplan;
- To determine the project contribution to the achievement of relevant Decent Work Country Programmes (DWCP) outcomes in ASEAN, and in Indonesia and Viet Nam in particular;
- To identify gaps and constraints in project implementation, including looking at partners' involvement, and offer recommendations for project improvement to support the achievement of objectives;
- To identify good practices, lessons learnt and possible areas of development cooperation to be considered under the current project as well as future projects in ASEAN.

#### 4. Scope, Coverage and Clients

The mid-term evaluation examines the period of project implementation since project inception in March 2016 until December 2017. It covers activities in Indonesia, Viet Nam and at the ASEAN level. The three project components are addressed, i.e (i) awareness raising, research, and capacity building, (ii) extension of social security coverage in Viet Nam, and (iii) extension of social security coverage in Indonesia.

The clients and target audience of the mid-term evaluation include ILO project management based in Bangkok, Jakarta and Hanoi, management of the ILO/Japan Multi-bilateral Programme, the ILO Regional Office for Asia and the Pacific (ROAP), and the partners of the project, in particular the ASEAN Secretariat and the tripartite constituents in Indonesia and Viet Nam.

#### 5. Criteria/key evaluation questions/analytical framework

The mid-term evaluation will examine project implementation against the hereunder criteria by addressing the following questions.

<b>Relevance of the project</b>	<ul style="list-style-type: none"><li>- To what extent the project objective/outcomes are relevant to the needs of the ASEAN countries, Indonesia and Viet Nam?</li><li>- How well does the project contribute to the achievement of the DWCP outcomes, ASEAN and national development framework, and UN development assistance framework (UNDAF) of Viet Nam and Indonesia?</li></ul>
<b>Validity of design</b>	<ul style="list-style-type: none"><li>- To what extent the project outputs and activities are relevant to achieve the objectives and outcomes that were identified during the design phase?</li><li>- Are gender concerns integrated in the project design and does the project document provide guidance on how to address gender issues and the needs of women and men in project implementation?</li></ul>
<b>Project progress and effectiveness</b>	<ul style="list-style-type: none"><li>- Is the project making sufficient progress towards its planned objectives and outcomes?</li><li>- In which component(s) the project has the greatest achievement towards the objectives so far and what are the factors for such results?</li><li>- For the other component(s), what are the main constraints, problems and areas in need of further attention?</li></ul>

	<ul style="list-style-type: none"> <li>- To what extent and how have stakeholders (in particular the ASEN Secretariat and ILO constituents) been involved in the project implementation?</li> </ul>
<b>Efficiency of resource use</b>	<ul style="list-style-type: none"> <li>- Have resources (funds, human resources, time, expertise etc.) been allocated strategically to achieve outcomes?</li> <li>- Have resources been used efficiently? Have activities supporting the strategy been cost-effective?</li> <li>- Have project funds and activities had a multiplier effect on emergence of initiatives to improve social protection in ASEAN?</li> </ul>
<b>Effectiveness of management arrangements</b>	<ul style="list-style-type: none"> <li>- Are management, administrative and monitoring arrangements for the project adequate?</li> <li>- Has the project made strategic and effective use of other related ILO projects, products and initiatives to increase its effectiveness and impact?</li> <li>- How effective is communication between the project team, the ILO and the implementing partners, in particular the ASEAN Secretariat and partners in Indonesia and Viet Nam, as well as the donor?</li> </ul>

## 6. Outputs

Mid-term evaluation report with the following sections:

- Cover page with key project data
- Executive/Evaluation summary
- Introduction and project background
- Purpose scope and clients of mid-term evaluation
- Methodology
- Review of project progress
- Presentation of findings
- Conclusions
- Set of operational recommendations
- Lessons learnt

## 7. Methodology

The mid-term evaluation will be carried out through the review and analysis of primary and secondary data.



This will be based on the review of project documents, including progress reports, workshop and mission reports, research publications, relevant correspondence and others as deemed appropriate.

It will also incorporate inputs from meetings and discussions with ILO staff in Bangkok, Jakarta and Hanoi, and key stakeholders, including key implementation partners such as the ASEAN Secretariat, the Government, Workers' and Employers' representatives of Indonesia and Viet Nam.

## **8. Management arrangements**

The mid-term evaluation will be carried out by the Chief Technical Advisor in collaboration with the Project Administrative and Programme Assistant and the national Project Officers for Indonesia and Viet Nam, and with inputs from the technical backstopping officer (Senior Social Protection Specialist in the DWT-Bangkok).

## Annex 2: Concept note of the ASEAN-ILO study on Expanding Coverage of Social Security to Workers in Informal Employment in ASEAN

### Background

As most of the economies in the South-Eastern Asian region continue to grow, the share of vulnerable employment is expected to gradually fall across the region. Yet as many as 52.7 per cent of the ASEAN work force are in vulnerable employment in 2016 (ILO, 2017). An estimated 92 million workers in the ASEAN region do not earn sufficiently to escape poverty (ILO, 2017). Business continues to be dominated by small and medium enterprises where they can reach 90 per cent of the enterprises in some ASEAN countries. Countries like Cambodia, Indonesia, Lao PDR, Myanmar, and Viet Nam continue to have high shares of vulnerable employment, in the order of 60 per cent, and there are no signs that they will decrease over the next couple of years. The aggregated vulnerable employment rate also hides disparities between sexes, with women facing a greater chance to be vulnerably employed than men, at around 57.1 per cent (ILO, 2017).

As a direct consequence of the large share of informal and vulnerable employment in South-Eastern Asian region, the fundamental human right to social security remains only partially fulfilled for the majority in the region. While ASEAN Member States have made significant progress in extending legal coverage over the past decade, effective access to social protection remains a challenge for a large majority.<sup>7</sup> According to social security and social assistance laws, XXX% of the population is covered for its pension. However, for those of old age, only 30 per cent receive a monthly pension from both contributory and tax-funded schemes. Even when old-age pension have a wide coverage, the level of benefit is often inadequate. Effective coverage is far lower due to inefficiency of voluntary schemes, lack of compliance and weak enforcement mechanisms, and exemptions in compulsory social insurance coverage that can be used as legal loopholes for employers and employees to avoid social contributions. Extension of social insurance coverage is also to be put in the broader context of labour relations, including obstacles that can be created by the labour laws, and wage policies and practices. On the other hand, social assistance programmes across the ASEAN countries are still limited in coverage and level of benefits, which limits their capacity to complement the limited protection offered by social insurance schemes. The limited social protection coverage could also be partially explained by the relatively low level of public social protection expenditure observed across the ASEAN countries. This level is less than half of the public social protection expenditures of non-ASEAN countries among categories of low and middle income countries; and it stands at 9.6 per cent of GDP in the high-income countries of ASEAN while non-ASEAN high income countries spend 20.5 per cent of their GDP on public social protection<sup>8</sup>.

In October 2013, 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:

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<sup>7</sup> ILO, World Social Protection Report 2018-19 (forthcoming)

<sup>8</sup> Source: ILO, World Social Protection Report 2018-19 (forthcoming)

*“Extending coverage, availability, quality, equitability and sustainability of social protection should be gradually promoted to ensure optimal benefits to the beneficiaries”, ASEAN Declaration on Strengthening Social Protection, Brunei Darussalam, 9 October 2013.*

The Declaration represents a clear commitment by ASEAN member States to extend and enhance social protection systems in the region, echoing the principles embedded in the ILO Social Protection Floors Recommendation, 2012 (No.202). This commitment was carried forward by the ASEAN Labour Ministers. The Senior Labour Officials Meeting included a specific output aiming at creating more knowledge on possible strategies for extending social security in its 2016-2020 Work Programme:

*“4.1.3. Regional studies to support capacities of AMS on situational analysis of AMS, viable models from within and outside ASEAN, as well as recommendations on:  
[...]*

*b) Expanding coverage of social insurance to informal sector”*

Furthermore, expansion of social protection, including to workers in informal employment, has to be linked with recent commitments to accelerate transition from the informal to the formal economy at global and ASEAN level: in 2014, the ILO constituents adopted a Recommendation on the Transition from Informal to Formal Employments, and in 2016 the ASEAN Leaders endorsed a Declaration along these lines. Finally, extension of social protection systems, including social protection floors, is also a target of the Sustainable Development Goals adopted in 2015.

### **Objectives of the regional study**

Learning from ASEAN Member States’ and worldwide experiences, referring to international labour standards related to social protection, the regional study intends:

- To strengthen the knowledge base and build capacity of the ASEAN tripartite constituents to take informed policy decisions for extending social protection, including to workers in informal employment;
- To develop concrete recommendations and bring policy options at ASEAN level to continue extending social protection coverage, notably social insurance, to workers in informal employment, including self-employed and workers of micro-, small and medium enterprise (MSMEs), also considering the interplay between contributory and non-contributory (tax-financed) elements of the social protection systems.

More specifically, the study aims at producing the following elements that will continue nourishing the policy dialogue at ASEAN and national levels:

#### **1. Knowledge building (learning from country experiences in ASEAN and beyond):**

Review of good practices relevant to the ASEAN context, and analysis of how each social security innovation/practices address a specific ‘driver’ of informality: how contributions periodicity are affected by certain type of contract or for certain sectors of the economy? How dispersion and geographical remoteness challenge the collection of social security administration? How the lack/irregularity of cash flows affect the payment of contribution? To

what extent these measures contributed to extend coverage (e.g. review of impact assessment and statistics)? Among other issues. The regional research will call upon ASEAN Member States to submit national papers aimed at sharing good practice and lessons learnt from specific existing measures to extend social security coverage (at policy/legal level and/or implementation level).

**2. Diagnosis (learning from selected sectoral assessments conducted in Cambodia, Indonesia and Viet Nam where ILO is currently collaborating with national stakeholders on this particular topic, as well as in Thailand):** What are the main reasons for non-coverage for different groups of workers? What are the barriers for extending coverage? (e.g. obstacles created by labour laws and certain macro-economic policies; labour relations legislation and mechanisms; lack of awareness; misconception about social security; limited contributory capacities; administrative procedures not being adapted to the needs and situation of workers and enterprises; lack of trust in public institutions) What are the drivers of informality looking at the different status of informal employment (informal employment in formal production units, informal employment in the informal sector, induced or imposed informality, among other of the many features of informal employment)? What are the existing laws, policies and programmes? To what extent are they adapted to respond to needs and realities of the labour markets and different categories of workers? Are the government agencies properly equipped to enforce social protection laws? What role can play the value chain to contribute to better enforcement of social security laws? Among other issues.

**3. Policy options and recommendations (learning from Cambodia, Indonesia, Thailand<sup>9</sup> and Viet Nam, as well as other ASEAN and other countries worldwide):** Which mechanisms /policies are available and have proven to address these gaps in the region and in other regions? Could these be adapted to the needs of the country and specific sectors and groups or workers that remain excluded from social protection in ASEAN?

#### **Scope of the research**

Following a brief introduction of the international and regional frameworks, and an analysis of indicators of the labour markets, status in employment and employment mobility (across sectors, across employment, disaggregated analysis by sex, age, etc..) at ASEAN level, the research will review, analyse and provide policy options and draw recommendations to overcome challenges related to the following aspects:

- Legal and design gaps of social security systems in ASEAN when it comes to extension to workers in informal employment; the review will reflect on the impact of introducing comprehensive social protection system, learning from countries' experiences;
- Impact of labour laws, industrial relations mechanisms, and certain macro-economic policies, e.g wage policies, on the effective implementation of social security laws;
- Institutional framework and enforcement capacity issues (coordination among different agencies, social security inspection, tax authorities, etc... through selected examples, including those extracted from the sectoral assessments);
- Issues related to implementation aspects, including financial barriers, procedures and services (insufficient services, including low level of on-line services, complexity of

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<sup>9</sup> Study on social protection for domestic workers in Thailand, conducted by Chulalongkorn University.

procedures, etc... through selected examples, including those extracted from the sectoral assessments); and

- Low education and awareness on the benefits of social security.

The research will look in particular at the social protection deficits among the workers in informal employment including self-employed, workers in MSMEs and enterprises not complying with social security laws, and in non-standards forms of employment (NSFE).

### **Methodology and process**

1. The preparation of the regional study on expanding coverage of social security to workers in informal employment will be led by a team of experts from the International Labour Organization (ILO) and the Ministry of Labour (MOL) and Social Security Office (SSO) of Thailand, regularly communicating on the progress of the research.

This team of experts will coordinate the development of the study counting on inputs from:

- **Committee of Experts** (ILO specialists, Officials of Thailand's Ministry of Labour and Social Security Office, representatives of ASEAN Trade Union Congress (ATUC) and ASEAN Confederation of Employers (ACE), ASEAN Secretariat, lead consultant, Thailand's expert, researchers and experts): Review key outputs of the research and provide technical inputs to the research and the workshops, including the regional course; generate ideas and recommendations for improving social security coverage in ASEAN.

- **Lead Regional consultant on social protection**: Document and draw lessons from country experiences that are relevant to develop innovative solutions to extend social security coverage in ASEAN; draft the study report and preliminary policy options and recommendations to be discussed with the Committee of Experts and submitted to the ASEAN Government and social partners.

- **Thailand's national expert**: Extract main lessons and recommendations from the national study on social protection for domestic workers, as well as other studies related to the topic of extension of social protection, draft part of the regional study report, liaise with the focal points of the ASEAN Senior Labour Officials Meeting (SLOM) and Senior Officials on Social Welfare and Development (SOMSWD), and the ASEAN Secretariat, support the organization of the ASEAN-ILO Seminar in November 2018.

2. The ILO and the Social Security Office of Thailand will establish a **Committee of experts**.

The role of the Committee of experts is to:

- Agree on the concept note, milestones and timeframe for the study;
- Select relevant good practices from other countries outside ASEAN to be further analyzed;
- Call for ASEAN Member States' interest in conducting country experience reports on specific issues/drivers of informality and/or in specific sectors of the economy; select and agree on country experiences to be further documented; agree on generic terms of reference for the country experiences reports;
- Review findings and provide technical inputs to the regional study and regional seminars;
- Build capacity of ASEAN governments and social partners for taking informed policy decision and adopting regional recommendations (notably through separate preparatory meetings with ATUC, ACE and their members organized by the ILO/Japan ESSA project); and

- Agree on policy options and recommendations to be submitted to ASEAN governments and social partners during the ASEAN-ILO Seminar on extending social security, November 2018.

3. More specifically, in close coordination with the Committee of experts, the **lead regional consultant** will pursue the following tasks:

- Coordinate, prepare and report on meetings of the committee of experts, including the ASEAN-ILO Seminar in November 2018;
- Review the ASEAN social and labour trends<sup>10</sup>; review the social protection situation of workers in informal employment in ASEAN;
- Identify, review and draw lessons learnt from country experiences including an analysis of how social security innovation/practices have addressed a specific ‘driver’ of informality;
- Draft generic terms of reference for the ASEAN country experiences reports; provide guidance to Member States in the conduct of the country experiences reports; review, extract key recommendations and lessons learnt from the final country reports;
- Extract lessons learnt and main recommendations from the sectoral assessment of social security deficits conducted in Cambodia, Indonesia, Thailand and Viet Nam, as well as the study on improvement of social security inspection and administrative procedures conducted in Indonesia and Viet Nam;
- Prepare policy options and recommendations for extending social security to workers in informal employment in ASEAN.

4. The **Thailand’s expert** will pursue the following tasks:

- Coordinate, prepare and report on meetings of the committee of experts, including the ASEAN-ILO Seminar in November 2018;
- Provide support to the Lead regional consultant during the review of final country reports and identification of the key messages;
- Identify, review and draw lessons learnt from a particular practice being implemented in Thailand; including an analysis of how social security innovation/practices have addressed a specific ‘driver’ of informality.

### **Key milestones and outputs**

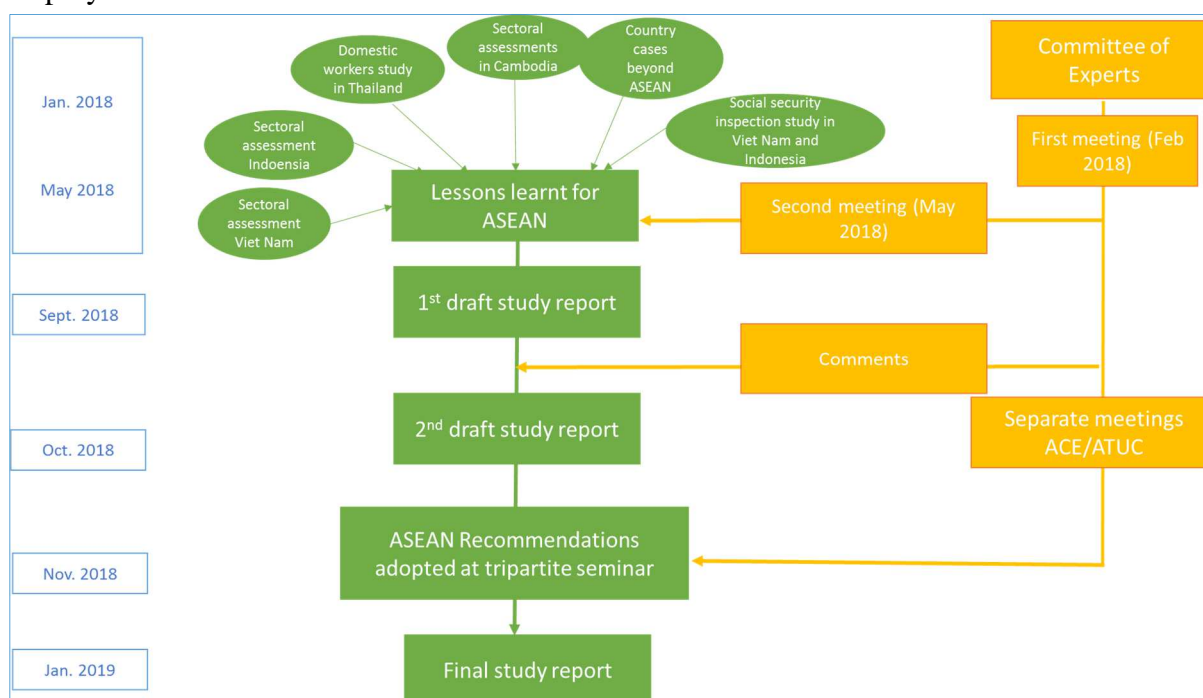
1. Establishment of a Committee of experts and approved terms of reference for the lead consultant and Thailand’s expert, identification of the two consultants (December 2017);
2. First meeting of the Committee of experts to launch the study, back-to-back to the meeting of the ILO/Japan ESSA Tripartite Advisory Committee (February 2018)
3. Second meeting of the Committee of experts, together with the focal point of each ASEAN Member States and national consultants, to discuss progress and regional study, findings of the country sectoral assessments, review of country experiences report and discuss possible policy options and relevant to the ASEAN countries (May 2018)

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<sup>10</sup> This task will use among other sources the “Report of the consultancy on social protection to document practices relevant to extend social security coverage to workers of the informal economy in the ASEAN context”, prepared as a background document to the proposed regional study.

4. First draft study report submitted to the Committee of experts for review and comments (September 2018)
5. Second draft study report circulated among ASEAN SLOM and SOMSWD focal points (October 2018)
6. Final report, ready for publication process (January 2019).

Table: Process for the regional study on expanding social security to workers in informal employment in ASEAN



### Division of tasks and responsibilities and tentative budget

The detailed division of tasks and responsibilities between ILO and SSO-Thailand will be reflected in the respective terms of reference of the lead consultant and the national expert.

	TOTAL	ILO (ESSA)	Thailand	ASEC
Regional lead consultant (intermittent, Jan to Dec 2018)	25,000	25,000		
National expert from Thailand (study + coordination)	12,000		12,000	
Country experience reports (tentatively 4 reports)	16,000			16,000
First meeting of the Committee of Experts (Feb. 2018) (Bangkok)	5,000	5,000		
Second meeting of the Committee of Experts (April 2018) (Bangkok)	14,000			14,000
Separate meetings with Workers and Employers (Aug and Sept. 2018)	40,000	40,000		
ILO-ASEAN seminar (Nov. 2018) (Bangkok)	60,000	30,000	30,000	
Publication and printing of the final report (by March 2019)	10,000	10,000		
<b>TOTAL</b>	<b>182,000</b>	<b>110,000</b>	<b>42,000</b>	<b>30,000</b>