

► Expanding social security coverage in the informal economy: China's experience and lessons



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This study was prepared by the research team of the China Association of Social Security. Under the overall coordination and detailed guidance of Zheng Gongcheng, President of CAOSS, the report was jointly written by Dr Hua Ying, Dr Zhao Mingyue and Dr Fu Xingchen. The research team conducted a literature review, policy analysis, comparative research and expert consultations on China's institutional design, implementation mechanisms and digital governance experience in extending social security coverage, as well as on the current situation and challenges of social protection for workers in the informal economy in Kenya and the Lao People's Democratic Republic.

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► Executive Summary

This report addresses the global challenge of expanding social protection coverage for workers in the informal economy. Using a qualitative comparative approach supplemented by official statistics, government policy documents, materials from social security institutions and data from international organizations, the report analyses the practices of and challenges faced by China, Kenya and the Lao People's Democratic Republic in social security system development, coverage expansion and digital administration. Using the ILO's social protection floors framework as its analytical lens, the report focuses on universality, inclusiveness and a rights-based approach to social protection, and emphasizes that expanding coverage should go hand in hand with promoting transitions to formality, strengthening workers' protection and improving accessibility. Against this backdrop, a South–South cooperation project supported by the ILO and Chinese partners has provided policy dialogue, capacity-building, technical support and digital tool development to help Kenya and the Lao People's Democratic Republic expand social protection coverage for workers in the informal economy.

The findings indicate that China, Kenya and the Lao People's Democratic Republic face a number of common challenges:

- a high incidence of informal employment;
- complicated labour relations;
- limited contribution capacity; and
- relatively high costs of participating in formal schemes.

At the same time, the three countries differ markedly in their institutional foundations and policy spaces. China has developed a broad-based system of basic old-age and basic medical insurance, and has accumulated experience in extending coverage to people in flexible employment, piloting occupational injury protection and delivering digital public services. Kenya and the Lao People's Democratic Republic have made progress in recent years in improving legal frameworks, integrating schemes and expanding digital services, but actual coverage, continuity of contributions and effective access to services still require further strengthening.

Further analysis suggests that the key lesson from China's experience lies not in replicating individual policy instruments, but in the coordinated configuration of mutually reinforcing institutional elements. These include:

- combining contributory schemes with publicly financed or subsidized floor-level arrangements to lower the entry threshold into social security for informal workers;
- offering more flexible participation pathways and risk-protection arrangements for people in flexible employment and workers in new forms of employment;
- reducing the costs of registration, contribution payment, information enquiry and portability through unified service platforms, electronic credentials and online processing; and
- improving policy fit while containing institutional risk through pilots and gradual reform. By October 2025, the pilot occupational injury protection programme for workers in new forms of employment covered 17 provincial-level regions, 11 platform companies and 23.25 million workers, demonstrating the feasibility of advancing institutional innovation through pilot-based approaches.

Different countries have distinct national conditions and social security systems. Kenya and the Lao People's Democratic Republic differ from China in fiscal space, employment structure, institutional maturity and digital infrastructure, so the most useful lessons lie in combinations of policy elements rather than direct institutional transplantation. Overall, expanding social protection coverage for workers in the informal economy requires institutional design, fiscal support, administrative capacity-building and digital transformation to be pursued

together, and adapted to each country's stage of development, governance capacity and labour market structure. For Kenya and the Lao People's Democratic Republic, a more feasible path would include:

- strengthening floor-level, non-contributory programmes alongside contributory social insurance;
- providing more targeted subsidies or contribution support to low-income and vulnerable groups;
- lowering collection and service-delivery costs through digital payments and mobile services; and
- progressively expanding coverage through pilots and evidence-based evaluation.



► 1. Introduction

Workers in the informal economy make up an important share of the global labour force, yet they often lack adequate social security coverage. According to ILO estimates, more than 2 billion workers worldwide are in informal employment, accounting for 57.8 per cent of the global labour force – 55.2 per cent of women workers and 59.6 per cent of men workers – and the vast majority are either completely unprotected or protected inadequately (ILO 2023a). The absence of social security leaves these workers without institutional support when facing risks such as illness, unemployment, employment injury and old age, allowing poverty and vulnerability to persist across generations. This problem became even more visible during the COVID-19 pandemic, when many informal workers fell into hardship because they could neither work nor rely on social protection. To realize the vision of universal social protection under the 2030 Agenda for Sustainable Development, countries are actively exploring how to bring people in the informal economy into social security systems so that no one is left behind.

Social security is a central pillar of the ILO's Decent Work Agenda and an essential public policy instrument for promoting inclusive growth, reducing poverty and responding to shocks. The ILO has called for building social protection floors for all, emphasizing universality, inclusiveness and protection across the life cycle, with coverage for vulnerable groups regardless of gender, age, disability or employment status.¹

According to the latest available data (2023), only about 52.4 per cent of the global population are covered by at least one social protection benefit, leaving around 3.8 billion people completely without protection. Protection gaps are concentrated in low-income and lower-middle-income countries and among groups such as workers in informal employment. At the same time, financing gaps combined with climate shocks have made progress towards the Sustainable Development Goals (SDGs) even more difficult to achieve (ILO 2024a).

► **Table 1. Global overview of social protection**

Indicator	Data
Share of the population covered by at least one social protection benefit (excluding health care) (SDG indicator 1.3.1)	52.4%
Population with no social protection at all	Around 3.8 billion
Global average social protection expenditure (as a share of GDP)	About 12.9%
Annual financing gap for achieving universal social protection floors in low- and middle-income countries	About US\$1.4 trillion

Source: ILO 2024a.

At its 113th Session in 2025, the International Labour Conference adopted the Resolution concerning the general discussion on addressing informality and promoting the transition to formality for decent work. The resolution stresses that countries should use tripartite cooperation and a combination of employment promotion, social protection and labour-rights policies to expand social protection coverage and reduce the risks associated with informal employment (ILO 2025a).

Against this global background, China has significantly expanded social security coverage in recent decades through institutional innovation and strong policy implementation. It has largely achieved broad institutional coverage in basic old-age insurance and basic medical insurance, provided basic protection for informal groups such as farmers and people in flexible employment, and developed practices in risk protection for workers in new forms of employment and in digital administrative services that may offer relevant reference points. By contrast, Kenya and the Lao People's Democratic Republic have larger informal economies and more limited contribution capacities and fiscal spaces. Their efforts to expand social protection and advance digital transformation are still in an accelerated development phase, and they have a greater need to explore feasible approaches in floor-level protection, flexible participation and digital payments/mobile services.

1 As per the Social Protection Floors Recommendation, 2012 (No. 202).

This report takes China, Kenya and the Lao People's Democratic Republic as case studies to examine the practical experience of expanding social security coverage in the informal economy, the challenges encountered in this process and, on the basis of a comprehensive comparison, the extent to which China's experience may serve as a relevant reference for Kenya and the Lao People's Democratic Republic. The report mainly adopts a qualitative comparative approach, supplemented by official statistics, government policy documents, materials from social security institutions and data from international organizations, in order to compare the institutional arrangements, implementation progress and practical constraints involved in expanding social security coverage in the informal economy in the three countries. It first reviews China's main approaches to expanding social security coverage and the results achieved, then analyses the institutional practices and practical constraints in Kenya and the Lao People's Democratic Republic, and, on that basis, compares the experiences of the three countries and discusses both the relevance and the limits of drawing on China's experience for Kenya and the Lao People's Democratic Republic.

► 2. China: Practice and experience

2.1. The trajectory of coverage expansion

China's social security system has evolved from a narrow work-unit-based model under the planned economy to the gradual establishment of a system compatible with the market economy after reform and opening up, and then to a new phase of near-universal coverage since the twenty-first century.

- **Work-unit-based protection under the planned economy (1949–1986):** Urban employees enjoyed comprehensive protection provided by the State or state-owned enterprises through their status as members of a work unit, without making individual contributions, but coverage was confined to those within the formal state system. In rural areas, collective relief arrangements, such as the “Five Guarantees”, were provided through the people’s communes. The result was a highly dualistic urban–rural protection structure.
- **Institutional restructuring and experimentation in the early reform period (1986–1993):** With the launch of reform and opening up and the gradual introduction of the market economy, the old work-unit model became increasingly unsustainable. On the one hand, the emergence of non-public sectors of the economy – including self-employment, private enterprises and foreign-invested firms – left large numbers of workers outside work-unit protection. On the other hand, state-owned enterprise reform required enterprises to shed their open-ended “social functions” as part of establishing a modern enterprise system. Social security reform therefore became imperative. The main focus during this period was on “social pooling”. In 1986, the State Council promulgated the Interim Provisions on the Implementation of the Labour Contract System in State-Owned Enterprises, beginning the trial of a contributory old-age insurance system for contract workers, financed jointly by enterprises and individuals. Localities also launched pilot social pooling arrangements for pensions and health insurance, experimenting with socialized fund pooling to disperse enterprise-level risks. Even so, reforms in this period were still fragmented and localized.
- **Establishing the institutional framework under the market economy (1993–2012):** First, China established nationwide schemes for basic old-age insurance and basic medical insurance for employees, based on the model of combining social pooling with individual accounts. Second, it improved the systems for employment injury, unemployment and maternity insurance. The Regulation on Unemployment Insurance (1999), the Regulation on Work-Related Injury Insurance (2003) and the Trial Measures for Enterprise Employee Maternity Insurance (1994) were promulgated in succession, forming a “five-insurance” system for urban employees. During this period, China built the core social insurance framework for the urban employed population. At the same time, basic medical insurance schemes for rural and urban residents (New Rural Cooperative Medical Scheme, 2003; Urban Resident Basic Medical Insurance, 2007) and basic pension schemes for rural and urban residents (New Rural Social Pension Insurance, 2009; Urban Resident Social Pension Insurance, 2011) also began to be piloted, extending institutional coverage to urban and rural residents not enrolled in employee schemes.
- **A new phase of universal participation (2012–present):** During this period, the Chinese Government continued to promote the integration of social insurance schemes and universal participation. In 2014, the two resident pension schemes were merged to establish a unified Basic Old-Age Insurance for Urban and Rural Residents, which achieved institutional coverage in old-age protection. Regardless of whether an individual lives in an urban or rural area and regardless of their employment status, eligible insured residents may receive the basic pension in accordance with the rules. In health insurance, localities integrated the Urban Resident Basic Medical Scheme and the New Rural Cooperative Medical Scheme around 2016, establishing a unified Basic Medical Insurance for Urban and Rural Residents and creating an institutional basis for greater equity, coordinated management and broader coverage.

In 2014, the Chinese Government launched the Universal Participation Plan, established a national registration database for insurance participation, and proactively identified and mobilized uninsured persons. It has continued to advance the Universal Participation Plan and equalization of public services, and recent policies have again made “expanding social security coverage” a key element of promoting high-quality and full employment (China, CPC Central Committee and State Council 2024). In recent years, many localities have progressively removed household registration restrictions on participation in social insurance, allowing people in flexible employment to enrol in pension and medical insurance in the place where they work, thereby reducing the institutional frictions created by territorial segmentation and improving portability in the context of labour mobility and a unified national market. Through this series of institutional innovations and policy initiatives, the coverage of China's social security system has expanded substantially.

After years of institutional development and targeted expansion efforts, China has largely achieved broad institutional coverage in basic old-age insurance and basic medical insurance. By the end of 2024, 1.07 billion people were participating in China's basic old-age insurance schemes, including 530 million in the employee scheme and 540 million in the urban and rural resident scheme, meaning that basic institutional coverage has essentially been achieved for the statutory population. In practice, this means that the overwhelming majority of Chinese workers and non-working residents can receive basic pension protection in old age. By the end of 2024, 1.33 billion people were covered by basic medical insurance, with the coverage rate remaining above 95 per cent; among them, 380 million were enrolled in employee medical insurance and 950 million in resident medical insurance. In addition, by the end of 2024, 246 million people were covered by unemployment insurance, 304 million by employment injury insurance and about 253 million by maternity insurance (China, NBS 2025).

2.2. Social security coverage challenges for people in flexible employment

Alongside rapid economic growth and changes in the labour market, employment patterns in China have become increasingly diverse, and the number of people in flexible employment has grown rapidly beyond the bounds of traditional “standard employment”. China now has more than 200 million people in flexible employment (*Xinhua* 2025), accounting for a substantial share of total employment. This group includes the self-employed, part-time workers and workers in new forms of employment. Their employment and income patterns are diverse, mobility is high, and their social insurance needs and pathways differ markedly, requiring more inclusive institutional design and administrative arrangements. This large population is characterized by varied work arrangements, volatile income, high mobility and often less clearly defined labour relations, and for a long time some workers did not fit easily within traditional employee-based social insurance arrangements. The rapid development of the platform economy has further reinforced this trend, generating large numbers of app-based drivers, food delivery riders, livestreaming workers and other new types of flexible work.

Traditional employee pension, medical, unemployment and employment injury insurance schemes are premised on stable labour relations, with employers and employees contributing at statutory rates. People in flexible employment, however, often lack a formal employer and therefore cannot participate through an employer. If they enrol in employee social insurance in an individual capacity, they must shoulder the contribution burden themselves, which can be heavy for workers with low and unstable incomes. At the same time, they move frequently across jobs and localities, while administrative costs in transferring social insurance entitlements across regions can still make continuous participation difficult. In addition, many occupational risks in new forms of employment differ from those in traditional employment – for example, app-based drivers and delivery riders face a high risk of traffic accidents – yet existing schemes do not always cover these risks in a timely way. These issues of institutional adaptability have made it harder to provide continuous protection for some people in flexible employment, creating coverage gaps that policy needs to address. China has attached great importance to this issue. At the national level, the Government has repeatedly called for improved social security arrangements for people in flexible employment and required all levels of government to innovate in policy instruments to ensure that workers in new forms of employment are covered wherever possible.

China has adopted a series of measures to expand protection for people in flexible employment and workers in new forms of employment.

Two institutional pathways are provided, allowing individuals to choose the type of scheme in which to participate (see table 2). For people in flexible employment who are not covered through a traditional employer-based channel, there are two basic pathways into social insurance.

First, they may voluntarily enrol, in an individual capacity, in the Basic Old-Age Insurance for Urban Employees and the Basic Medical Insurance for Urban Employees; in other words, they may participate in employee social insurance as people in flexible employment. At present, many localities have removed household registration restrictions for participation in employee social insurance, enabling people in flexible employment to enrol in employee pension and medical insurance in the place where they work. By the end of 2024, 70.57 million people in flexible employment were participating in the employee pension scheme and 66.16 million in the employee medical insurance scheme (China, State Council 2025). Second, they may participate in the Basic Old-Age Insurance for Urban and Rural Residents and the Basic Medical Insurance for Urban and Rural Residents. Employee schemes generally provide higher levels of protection, but participation in an individual capacity requires relatively high contributions. The resident schemes involve lower contributions and government subsidies, but benefit levels are correspondingly more limited. In practice, large numbers of people in flexible employment choose the resident schemes.

This dual-track arrangement ensures that, regardless of employment form, everyone has access to at least one basic insurance option. By the end of 2024, 534.49 million people were enrolled in the urban employee pension scheme and 538.30 million in the urban and rural resident pension scheme, and nearly 1.33 billion in basic medical insurance, of whom 379.20 million were in employee medical insurance and 947.18 million in resident medical insurance (China, NBS 2025). These figures show that resident schemes are also an important channel for covering informal workers and non-working residents. In this sense, the establishment of resident pension insurance and resident medical insurance has significantly extended institutional coverage to groups that were previously difficult to incorporate into employee-based social insurance, and has been an important institutional arrangement in China's effort to broaden access to basic protection.

► Table 2. Global overview of social protection

System category	Insurance type	Target population	Eligibility condition	Number of participants (end of 2024)	Contributions and fund operation	Benefits
Old-age insurance	Basic Old-Age Insurance for Urban Employees	Employees of employers (mandatory); people in flexible employment (voluntary)	As of the end of 2024: minimum contribution period of 15 years; retirement at age 60 for men, 50 for women workers and 55 for women cadres. From 1 January 2025, the statutory retirement age is being raised gradually (to 63, 55 and 58 respectively); from 1 January 2030, the minimum contribution period will gradually increase from 15 to 20 years (by six months each year).	534 million (387 million active contributors; 147 million pensioners)	Employer contributes 16% and the individual 8%; social pooling plus individual accounts.	Benefits are linked to the length of contribution and the contribution base, among other factors. Based on fund expenditure of 6,765.6 billion yuan in 2024 and 147.39 million retirees at year-end, the national average monthly pension is approximately 3,825 yuan.
	Basic Old-Age Insurance for Urban and Rural Residents	Urban and rural residents (voluntary); covers large numbers of informal workers and rural residents	Benefits are generally payable after at least 15 years of contributions and upon reaching age 60; deferred payment or make-up contributions are permitted in accordance with local rules.	538 million (of whom 180 million were actually receiving benefits)	Individual contributions plus government subsidies; contribution tiers and subsidy standards are determined locally (higher contributions lead to higher benefits).	Benefits consist mainly of a basic pension plus an individual-account pension, combining universality and incentives. Based on fund expenditure of 532.2 billion yuan in 2024 and 180.39 million beneficiaries, the national average monthly benefit is approximately 246 yuan.
Medical insurance	Basic Medical Insurance for Urban Employees	Employees of employers (mandatory); people in flexible employment may also enrol	Employees participate and contribute through their employers; people in flexible employment may join in an individual capacity in the place where they work; after meeting the contribution period prescribed locally, retirees may receive benefits in accordance with the rules (in most areas they no longer contribute after retirement).	379 million (275 million active contributors; 105 million retirees)	Employers contribute around 8% and individuals around 2%; a combination of social pooling and individual accounts (partly funded and partly pay-as-you-go). People in flexible employment pay the full employee medical insurance rate as prescribed locally (the contribution base and rate vary by locality).	The fund reimbursement rate for listed inpatient expenses is 84.8%, subject to a reimbursement ceiling beyond which out-of-pocket payment is required; the benefit package is relatively comprehensive.

	Basic Medical Insurance for Urban and Rural Residents	Urban and rural residents (voluntary); absorbs large numbers of informal workers	Financing is annual, with fiscal subsidies as the main source and individual contributions as a supplement; annual standards are set according to national policy.	947 million	Flat-rate individual contributions plus fiscal subsidies, with a pooled pay-as-you-go fund and no individual accounts. Actual per capita financing is about one sixth of that of employee medical insurance.	The fund reimbursement rate for listed inpatient expenses is 68.6%, subject to a reimbursement ceiling beyond which out-of-pocket payment is required.
Employment injury insurance	Employment injury insurance	Employees of employers (mandatory); workers in new forms of employment covered by the pilot occupational injury protection programme	Coverage begins upon taking up employment; workers in new forms of employment participate according to the pilot rules.	304 million	Employer-financed; employees do not contribute. China applies differentiated rates by industry risk category, with national benchmark rates for the eight risk categories generally set at around 0.2%, 0.4%, 0.7%, 0.9%, 1.1%, 1.3%, 1.6% and 1.9%, subject to local adjustments and experience-rating rules; the pilot occupational injury protection programme charges "per order".	Reimbursement of work-related medical expenses, disability allowances/lump-sum compensation and other benefits (under the pilot, the benefit framework broadly follows employment injury protection arrangements).
Unemployment insurance	Unemployment insurance	Employees of employers (mandatory), and in some areas people in flexible employment (voluntary pilot participation)	Generally requires at least one cumulative year of contributions and involuntary unemployment, among other conditions.	246 million	Overall contribution rate of about 1%, with employers bearing the larger share; pay-as-you-go with pooled fund operation.	The nationally guided standard is 90% of the local minimum wage; the amount paid is lower than the local minimum wage but higher than the subsistence allowance standard; the payment period is linked to the contribution record, up to a maximum of 24 months.
Maternity insurance	Maternity insurance	Employees of employers (mandatory); ongoing efforts seek to include people in flexible employment who participate in employee medical insurance, while exploring contribution arrangements suited to flexible employment	Continuous contributions for 6–12 months as required locally	253 million	Employer-financed on a pay-as-you-go basis, with integrated fund accounting and management together with employee medical insurance.	Reimbursement of maternity-related medical expenses and payment of maternity allowances, among other benefits.

Note: The contribution base, contribution rate and allocation to individual accounts for people in flexible employment vary across localities.

Preferential contribution arrangements and subsidy policies have been introduced to lower participation thresholds for people in flexible employment. To address their limited contribution capacity, the Government has adopted a series of preferential contribution and subsidy measures, giving this group greater flexibility in how they contribute, reducing the burden of payment and facilitating both participation and portability. For example, for participation in employee schemes, some localities allow people in flexible employment to choose their contribution base within a prescribed range according to their income, with the minimum often set at 60 per cent of the local average wage, thereby lowering the effective contribution amount. Some provinces and cities also provide one-off contribution subsidies for first-time participants or interest subsidies on loans used to pay social insurance contributions. These measures have increased the willingness of this group to participate. In the resident pension scheme, multiple contribution tiers are available, with the lowest tier amounting to only a few hundred yuan per year, and the Government provides fixed subsidies, thereby encouraging long-term contributions through the principle of “the more you contribute, the more you receive”. The basic pension under the urban and rural resident scheme is financed entirely by the Government; the national minimum standard was raised to 163 yuan per person per month in 2026, while in some more developed areas the basic pension reaches several hundred or even more than 1,000 yuan. Under the resident medical insurance scheme, individual contributions account for roughly one third of total financing, with the remainder financed by fiscal subsidies at different levels of government. These arrangements have greatly reduced the pressure on informal workers to pay contributions.

Innovative pilots on occupational injury protection have been launched. One of the most prominent concerns raised by workers in new forms of employment is the lack of protection against employment injury risks. Traditional employment injury insurance arrangements are typically built around standard employment relationships and the assignment of contribution responsibilities between employers and employees. Because the employment relationship of many platform workers – such as app-based drivers and food delivery riders – is not clearly defined, most have not been enrolled by an employer. To better adapt to the characteristics of new forms of employment, China has launched a pilot occupational injury protection programme for workers in new forms of employment within the broader employment injury insurance framework, exploring a contribution and protection model based on “charging per order, with every order covered”. The target population includes platform-registered workers taking orders in ride-hailing, on-demand delivery and intra-city freight transport. Premiums are paid in full by the platforms on a per-order basis, with no contribution from the worker, and are adjusted dynamically on the basis of claims ratios and related indicators. Benefits cover medical treatment, disability and death, as well as subsistence support during treatment, calculated with reference to 60 per cent of the local monthly average wage of workers employed in urban private units. This innovative model efficiently provides a basic layer of occupational injury protection for workers in new forms of employment, without changing the legal classification of labour relations, through government guidance, implementation by enterprises of their principal responsibilities and operation with the participation of commercial insurers. By the end of October 2025, 11 platform enterprises and 17 provincial-level pilot areas had joined the programme, with a cumulative 23.25 million workers covered, effectively ensuring participation for all eligible workers within the pilot scope (China, State Council 2025).

Digital technology has enhanced the precision of coverage expansion and the accessibility of cross-regional services. Digital public services are a key lever for improving both the quality and accessibility of social insurance coverage. China has steadily promoted digital tools such as a nationally unified public service platform for social insurance, an electronic social security card and a medical insurance electronic credential, and has developed an online service system covering high-frequency matters such as registration, contribution payment, entitlements enquiry, eligibility certification and benefit receipt. China has also lowered the cost and uncertainty of participation and portability for mobile workers through online processing of social insurance transfers and through nationwide direct settlement of out-of-province medical treatment (ILO 2025b). By the end of December 2025, 1.39 billion physical social security cards had been issued nationwide, covering 98.9 per cent of the population, while more than 1.1 billion electronic social security cards had been activated, covering 78.4 per cent of the population (China Employment Network 2025). The Recommendations of the CPC Central Committee on Formulating the 15th Five-Year Plan explicitly propose optimizing the nationally unified public service platform and administrative service arrangements for social security and improving portability arrangements, thus providing a high-level policy basis for using digitalization to lower the costs of coverage expansion and improve cross-regional accessibility.² As

2 See: 中共中央关于制定国民经济和社会发展第十五个五年规划的建议, 23 October 2025. Available at: https://www.gov.cn/gongbao/2025/issue_12386/202511/content_7047415.html.

digital government, data sharing and big-data technologies continue to deepen, social security expansion is likely to become more intelligent and efficient, with more precise outreach and stronger cross-regional public service capacity.

Leverage social assistance as a floor-level safety net and emergency relief mechanism. As a non-contributory, floor-level arrangement, social assistance is not premised on the existence of a stable employment relationship. Eligible people in flexible employment and workers in new forms of employment may therefore be covered by the relevant forms of assistance when they fall into basic livelihood hardship, face sudden or urgent difficulties, or experience shocks arising from major necessary expenditures. The Social Assistance Law of the People's Republic of China, adopted on 30 April 2026 and effective from 1 July 2026, specifies that recipients of social assistance include, among others, persons whose basic livelihood is temporarily in serious difficulty. It classifies social assistance into basic livelihood assistance; special social assistance, including medical assistance, education assistance, housing assistance, employment assistance and assistance for disaster victims; and urgent hardship assistance, including temporary assistance, emergency medical assistance and assistance for persons without means of subsistence who are wandering or homeless. This provides a floor-level layer of support, beyond social insurance, for people in flexible employment who face greater income volatility and higher exposure to risks.

Overall, China has significantly expanded social security coverage for informal workers through a combination of:

- institutional innovation – notably the establishment of resident schemes;
- sustained fiscal support – for both participation and benefit payment;
- policy pilots – such as occupational injury protection; and
- technological empowerment.

From the achievement of broad-based basic pension and health coverage to the exploration of solutions to the occupational risks faced by workers in new forms of employment, China's experience illustrates one pathway of institutional adaptation. China still faces challenges, including limited continuity of participation among people in flexible employment and relatively modest benefit levels, and further policy improvements remain necessary. Even so, China's strategic commitment to universal coverage and its gradualist reform approach may offer potentially relevant reference points under specific conditions.

2.3. Summary of experience

In structural terms, China's social protection system is centred on contributory social insurance, covering the five main branches of old-age, medical, employment injury, unemployment and maternity insurance, and complemented by non-contributory programmes such as social assistance and social welfare. This has produced a multi-tiered social security system. In expanding coverage in the informal economy, the main pathways have included easing place-of-employment restrictions on enrolment, optimizing contribution arrangements, strengthening the portability of social insurance entitlements, and innovating occupational injury protection for workers in new forms of employment, thereby gradually extending the social security system to a broader range of workers. Overall, China's practice in expanding social security displays several distinctive policy features:

- 1. The Government has attached great importance to the issue and has provided a legislative foundation.** From the Social Insurance Law and the Labour Contract Law to a range of administrative regulations, employers' responsibilities to enrol workers have been clearly defined, while coverage expansion has been incorporated into national plans and government performance assessment, providing strong legal and policy support.
- 2. The system has been designed in tiers.** China established a dual-track structure in which employee social insurance and resident social insurance operate side by side: workers with stable jobs and earnings are covered by mandatory contributory schemes, while urban and rural resident pension and medical insurance – supported by government subsidies – are available to people without a fixed employer or with limited ability to pay, thus ensuring institutional coverage for all. The resident pension and medical insurance schemes, with low contributions combined with government subsidies, have enabled farmers, people in flexible employment and other groups to participate, thereby tightening the basic protection net.

3. **The Government has made substantial fiscal investments.** At all levels of government, sustained subsidies are provided for resident pensions and resident medical insurance. For example, in 2025 the per capita fiscal subsidy for resident medical insurance reached no less than 700 yuan per person per year (China, NHSA, MOF and STA 2025). Fiscal support reduces the contribution burden on individuals and increases the attractiveness of participation.
4. **Stronger administrative capacity and digital services have improved accessibility.** China has largely established a five-tier administrative service system extending from the centre to provinces, cities, counties and townships/subdistricts. Through the national public service platform for social insurance, 95 services can now be handled nationwide, direct settlement of out-of-province medical treatment under medical insurance has been rolled out in full, and social insurance contributions can be paid conveniently online. With social security cards now near universal, more than 160 social security and livelihood services can be handled on mobile devices (China, NPC 2024). In a context of high population mobility, these measures have greatly facilitated continuous participation by people in flexible employment and have improved both the accessibility and continuity of coverage. At the same time, equalized public services have enhanced people's sense of inclusion and trust in the system. Administrative service delivery has itself become an important policy tool for expanding coverage through stronger grassroots capacity, the integration of online and offline services, local service outreach and the standardization of procedures.
5. **Mandatory mechanisms and policy incentives are used in combination.** In employee social insurance, China relies on mandatory participation and legal collection, reinforced by labour inspection, to hold employers accountable. In resident schemes, greater emphasis is placed on publicity, guidance and moderate incentives, such as contribution subsidies and benefit designs based on the principle that "the more you contribute and the longer you contribute, the more you receive". This differentiated arrangement has created mutually complementary pathways for expanding coverage across population groups.
6. **China's institutional advantages and its orientation towards the national goal of common prosperity have generated endogenous momentum for continued coverage expansion.** By embedding social security expansion in national development strategies and the governance agenda, China has treated it not merely as an administrative task of a single department, but as a process of institution-building linked to people-centred development, equalization of basic public services and the goal of common prosperity. This orientation is consistent with the national-level decision on further deepening reform and advancing Chinese modernization, which emphasizes improving the system for ensuring and improving people's wellbeing, strengthening inclusive, basic and floor-level livelihood provisions, improving social security arrangements for people in flexible employment, migrant workers and workers in new forms of employment, and strengthening the social assistance. The combination of goal-setting, government coordination, fiscal input and grassroots implementation helps create sustained policy momentum to identify uncovered groups, lower entry thresholds and improve service accessibility.

Overall, China's social insurance system has already achieved a relatively high degree of aggregate coverage, though there is still room for improvement in institutional adaptability and benefit adequacy. Future policy priorities include:

- improving the affordability and convenience of enrolment in employee pension and employee medical insurance for people in flexible employment;
- expanding protection against occupational injury risks through pilots within the employment injury insurance framework;
- establishing more flexible mechanisms for contributions and rights records to accommodate complicated employment patterns; and
- further improving portability of social insurance rights and direct settlement of out-of-province medical treatment so as to reduce frictions faced by mobile workers when participating in the system.

Overall, China has accumulated important policy experience in expanding social security coverage, and its institutional design, fiscal support and administrative service system provide useful reference points for other developing countries. The following sections analyse the practices of Kenya and the Lao People's Democratic Republic and compare them with China's experience.

► 3. Kenya: Practice and challenges

3.1. Overview of the informal economy and social risks

Kenya is a representative lower-middle-income country in sub-Saharan Africa. Its population was approximately 57.5 million in 2025 (UNFPA 2025), and its economy relies heavily on agriculture and services, especially tourism. Compared with more industrialized countries, Kenya has limited formal-sector employment, and most workers earn a living in the informal economy. According to the Kenya National Bureau of Statistics' Economic Survey 2025, employment in Kenya's informal sector reached about 17.4 million persons in 2024, accounting for roughly 84 per cent of total employment outside small-scale agriculture and pastoralist activities. The informal sector also generated 703,700 of the 782,300 new jobs created in 2024, accounting for 90.0 per cent of all new jobs (Kenya, KNBS 2025). This employment structure means that a large share of the labour force earns income outside standard employment relationships and remains vulnerable to income insecurity, health shocks, employment injury and old-age poverty.

Kenya faces persistent poverty, youth labour-market vulnerability and heightened exposure to shocks, especially in rural areas, arid and semi-arid lands, urban informal settlements, and among own-account workers and micro-enterprises. Once illness, disability, unemployment or other shocks occur, many of these households may fall into serious deprivation or face threats to their basic livelihood. In light of these realities, the Government of Kenya has recognized that building a broader and more comprehensive social protection system and extending it to workers in the informal and rural economy are important for poverty reduction, human-capital development and inclusive economic growth. The Kenya Social Protection Policy (2023) defines social protection around four pillars – (i) income security, (ii) social health protection, (iii) shock-responsive social protection and (iv) complementary programmes – and gives renewed emphasis to informal-sector workers, data management, complementarity and expansion of health insurance. The Social Protection Act, No. 12 of 2025, provides a statutory framework for the administration and coordination of non-contributory social protection interventions, including the Social Protection Registry and related governance arrangements (Kenya, MOLSP 2023a, 2023b; Kenya 2025).

3.2. Main social protection programmes and measures to expand coverage

Kenya's social protection architecture is best understood through the aforementioned four pillars set out in the Kenya Social Protection Policy 2023 (Kenya, MOLSP 2023a), which are each discussed below.

Income security

The income security pillar includes non-contributory cash transfers and contributory old-age protection. Kenya's National Safety Net Programme and Inua Jamii platform include transfers for older persons, orphans and vulnerable children, and persons with severe disabilities. The Older Persons Cash Transfer has evolved into a near-universal social pension arrangement for eligible persons aged 70 and above, typically excluding those already receiving another pension, with a usual monthly transfer of 2,000 Kenyan shillings. Recent administrative reporting indicates that the wider cash-transfer system reaches about 1.7 million beneficiary households.³ The adoption of the Social Protection Act, 2025, further strengthens the legal and administrative basis for non-contributory social protection and the Social Protection Registry.

For contributory old-age protection, the Kenyan National Social Security Fund (NSSF) remains the central institution. The NSSF Act, No. 45 of 2013 (Kenya 2013), provides for mandatory participation by employees and their employers, while allowing self-employed workers to participate on a voluntary basis. To reach workers in the informal economy, the Kenyan NSSF launched Haba Haba in 2019 as a flexible savings arrangement that enables informal and self-employed workers to save through mobile channels, with very small contributions and the possibility of partial withdrawal after a qualifying period (Kenya, NSSF n.d.-a). This makes Haba Haba an important low-threshold savings and engagement mechanism, but it still requires further policy, product and actuarial development if it is to function as a stronger pension pathway for informal workers. Earlier voluntary initiatives such as the Mbaao

³ Administrative information provided by Kenyan counterparts.

Pension Plan provided useful lessons on micro-contributions and mobile payments. The Mbao Pension Plan is a voluntary individual-account savings plan designed to reflect the characteristics of informal-sector workers, including unstable incomes and limited contribution capacity, allowing low-income workers to make small and flexible contributions through mobile phones and mobile money (Kwena and Turner 2013). As Mbao should no longer be treated as the main current coverage-extension instrument, it is discussed here only as an earlier experiment in micro-contributions and mobile payments.

Income security also includes protection against employment-related income loss, but Kenya's arrangements in this area remain uneven for workers outside standard employment. Employment injury protection is primarily based on employer liability under the Work Injury Benefits Act, No. 13 of 2007 (Kenya 2007), rather than a comprehensive social insurance scheme. Therefore, workers who are not clearly recognized as employees may face gaps in accessing compensation. Maternity income protection is also largely employer-liability based, while maternity health services are covered through the social health protection system. Unemployment protection remains limited, and many informal workers rely mainly on household savings, kinship networks, community support and general social assistance when income is interrupted.

Social health protection

Health protection is one of the most significant areas of recent reform in Kenya. The Social Health Insurance Act, No. 16 of 2023 (Kenya 2023), replaced the former National Hospital Insurance Fund framework and established the Social Health Authority (SHA) and three funds:

1. Primary Healthcare Fund;
2. Social Health Insurance Fund (SHIF); and
3. Emergency, Chronic and Critical Illness Fund.

Under Kenya's Social Health Insurance Regulations, 2024 (Kenya 2024), salaried households contribute monthly to the Social Health Insurance Fund at a rate of 2.75 per cent of gross salary or wage, subject to a minimum monthly contribution of 300 Kenyan shillings. Non-salaried households contribute annually at a rate of 2.75 per cent of household income as determined by a means-testing instrument, with the contribution also subject to a minimum equivalent of 300 Kenyan shillings per month. For indigent households requiring financial assistance, as identified through means testing, the contribution is payable by the National Government or the county government. The framework also includes mechanisms for government sponsorship of indigent and vulnerable households, which is especially important for informal workers with limited ability to contribute.

The reform also changes the way maternity and maternal health protection should be described. Maternal health services previously provided by or associated with the Linda Mama programme have been reconfigured and integrated into the SHA benefit package, with pregnancy, delivery and postnatal services now addressed within the social health insurance framework (Kenya, MOH 2025). However, effective health insurance coverage among workers in the informal and rural economies remains limited. The 2022 Kenya Demographic and Health Survey reported that only 26.3 per cent of households had any form of health insurance, and available policy materials indicate that the coverage of informal and rural workers remains far below that of formal sector workers. The key challenge is therefore not only legal registration, but also affordability, continuity of contributions, public trust and the availability of quality health services at all levels.

Shock-responsive social protection

Kenya is highly exposed to drought, floods, food insecurity, epidemics and other shocks, which have disproportionate effects on poor households and workers in the informal economy. Shock-responsive social protection seeks to link regular social assistance, social protection registries, early-warning systems and emergency response so that support can be scaled up or adapted when shocks occur. Programmes such as the Hunger Safety Net Programme in arid and semi-arid areas, together with the development of the Social Protection Registry under the Social Protection Act, 2025, provide important building blocks for this pillar. Strengthening this pillar is particularly relevant for informal workers because their incomes are volatile and they often lack unemployment insurance or employment-based protection.

Complementary programmes

Complementary programmes are designed to strengthen the effects of income security and health protection by linking beneficiaries to services such as nutrition, livelihood support, education, care services, financial inclusion, skills development and referral services. In Kenya, such programmes are important because cash transfers alone cannot address the multidimensional vulnerabilities faced by children, older persons, persons with disabilities and informal workers. The Universal Child Benefit pilot, implemented from December 2021 to December 2022 in selected counties for children aged 0–36 months, tested a monthly transfer of 800 Kenyan shillings and complementary services, but it has not been rolled out nationally (UNICEF 2024). For informal workers, complementary programmes can also support registration, financial literacy, digital access and links to contributory schemes.

3.3. Kenya's experience and challenges in expanding social security

Kenya's experience shows that expanding social protection in a labour market dominated by informality requires a combination of rights-based policy design, flexible contribution mechanisms, non-contributory floor-level protection, digital services and multi-stakeholder cooperation. The four pillar policy framework is useful because it avoids reducing social protection to a single scheme and instead allows different instruments to address different risks across the life cycle.

1. **Kenya has gradually strengthened its legal and policy framework.** The Kenya Social Protection Policy 2023 provides an integrated framework based on the four pillars of income security, social health protection, shock-responsive social protection and complementary programmes, while the Social Protection Act, 2025, gives non-contributory social protection a clearer statutory basis. This creates stronger foundations for programme coordination, beneficiary registration and future expansion.
2. **Kenya has made use of mobile money and digital channels to reduce transaction costs.** The Kenyan NSSF's use of mobile channels under Haba Haba and SHA's website, USSD⁴ and assisted registration channels demonstrate the practical value of low-cost digital access in a context where many informal workers have irregular incomes and limited time to visit offices. Digital tools can improve registration, contribution payment, account enquiry and benefit delivery, but their effectiveness depends on data quality, user support, grievance mechanisms and inclusion of those with limited digital literacy.
3. **Flexible products can help engage workers in the informal economy, but they need to be linked to adequate protection.** Haba Haba lowers the entry threshold by allowing small and flexible savings, yet it should be further developed into a more robust old-age protection pathway if it is to provide meaningful income security in later life. Similarly, SHA and its Social Health Insurance Fund (SHIF) can broaden health protection only if contribution requirements are affordable, indigent sponsorship is effective, and health services are accessible and of acceptable quality.
4. Multi-stakeholder cooperation has supported policy development and implementation. In addition to government leadership, Kenya has benefited from the engagement of employers' and workers' organizations, civil society, community-based organizations and development partners. The UN Joint Programme on Social Protection has involved agencies such as ILO, the United Nations Children's Fund (UNICEF), the World Food Programme and the Food and Agriculture Organization, supporting policy coherence, social protection floors, shock responsiveness and institutional capacity (Joint SDG Fund n.d.).
5. **Social assistance provides an essential floor for groups whose contribution capacity is limited.** Given the size of the informal economy and the income volatility of informal workers, it is unrealistic to rely on contributory schemes alone in the short term. Cash transfers for older persons, vulnerable children and persons with severe disabilities, together with government sponsorship for vulnerable households in relation to health insurance, are therefore essential complements to contributory arrangements. At the same time, these floor-level programmes need to be connected with pathways to employment, livelihoods, health services and voluntary or contributory schemes where feasible.

4 USSD, or Unstructured Supplementary Service Data, is a real-time messaging protocol used by mobile networks to deliver interactive services via short codes. In Kenya, USSD technology is used for mobile banking and accessing government services, among others.

Kenya still faces major constraints, including:

- 1. Coverage and financing require further strengthening.** Informal workers make up the large majority of employment, but effective coverage in pension, employment injury, unemployment protection and health insurance remains limited. Without stronger and more predictable public financing, it will be difficult to expand non-contributory support, subsidize poor households and sustain health protection for groups with limited contribution capacity.
- 2. Administrative and information barriers continue to limit participation.** Registration, contribution payment and claims procedures may still be difficult for older persons, rural residents, persons with low literacy and workers in remote or mobile livelihoods. Digital channels reduce costs, but they do not automatically solve problems of identification, data quality, trust, language, access to devices or the ability to navigate online systems. Outreach through county governments, community structures, workers' organizations and assisted registration remains necessary.
- 3. Institutional fit for workers in the informal economy remains a central challenge.** Many workers have irregular and low incomes, multiple income sources, seasonal work patterns or no clearly identifiable employer. For this reason, contribution schedules, benefit design, rights records and enforcement mechanisms must be adapted to income volatility and administrative realities. Employer-liability arrangements for employment injury and maternity income protection are especially difficult to apply to workers who are not clearly within standard employment relationships.

In sum, Kenya has made important progress in building a more coherent and inclusive social protection framework, particularly through the Kenya Social Protection Policy 2023, the Social Protection Act, 2025, SHA/SHIF reform, the Kenyan NSSF's Haba Haba scheme and the expansion of digital service channels. Since the launch of the Strategy for Extension of Social Protection Coverage to Workers in the Informal and Rural Economy in Kenya in October 2023 (Kenya, MOLSP 2023b), the country has also developed a more structured approach to engaging workers in the informal and rural economy and to extending social protection coverage to them, including through county-level action plans and consultative implementation mechanisms. However, the gap between the large scale of the informal economy and the still limited reach of contributory social protection remains substantial. Future expansion will require more predictable fiscal support, stronger administrative capacity, improved data systems, better-quality health services, affordable and flexible contribution arrangements, and gradual implementation through county-level action plans and evidence-based pilots.

► 4. Lao People's Democratic Republic: Practice and challenges

4.1. Characteristics of informal employment

The Lao People's Democratic Republic is the only landlocked country in South-East Asia. According to the Lao Statistics Bureau, the national population was about 7.65 million in 2024 (Lao People's Democratic Republic, LBS n.d.). Agriculture, self-employment and small-scale household businesses remain important sources of livelihood, while formal wage employment opportunities are relatively limited. Since the introduction of the New Economic Mechanism in 1986, the Lao People's Democratic Republic has gradually moved from a centrally planned economy towards a market-oriented economy. In 2024, GDP was about US\$16.5 billion and GDP per capita about US\$2,124 (World Bank n.d.-a).

Informal employment is closely linked to the country's employment structure and level of development. An ILO study based on the Lao People's Democratic Republic's 2017 Labour Force Survey shows that around 1.17 million workers were in informal employment, representing 81 per cent of the non-civil servant workforce. In terms of sectoral distribution and social security coverage, agriculture, wholesale and retail trade, construction, transport, manufacturing, and accommodation and food services account for many workers in informal employment or workers not yet covered by social security. These sectors should therefore be key areas of attention for extending social security coverage in the informal economy in the Lao People's Democratic Republic (Merttens et al. 2024).

4.2. Overview of the Lao social protection system

The Lao People's Democratic Republic's social protection system should be understood within the three-pillar framework of the National Social Protection Strategy: Vision 2030 – Goal 2025. The Strategy was adopted by Prime Minister's Decree No. 224/PM in April 2020 and sets out a vision that, by 2030, Lao people should have equitable, adequate, effective and sustainable access to basic social protection services, organized around three pillars: (i) health insurance, (ii) social security and (iii) social welfare (Lao People's Democratic Republic, MOLSW 2020).

The social security pillar is mainly implemented by the Lao Social Security Organization (LSSO) through the National Social Security Fund (Lao NSSF). Under the Law on Social Security, No. 34/NA of 2018 (Lao People's Democratic Republic 2018a), Lao NSSF social security benefits include:

- health care;
- maternity or miscarriage benefits;
- benefits for employment injury, occupational disease and other accidents causing loss of working capacity or invalidity;
- sickness benefits;
- pensions;
- death grants;
- survivors' benefits; and
- unemployment benefits.

However, the scope of these benefits differs across insured groups.

The health insurance pillar should be understood primarily within the framework of the Ministry of Health. The National Health Insurance Bureau (NHIB), which falls under the Ministry of Health, developed the National Health Insurance Strategy 2021–2025 to strengthen the National Health Insurance (NHI) scheme and advance universal health coverage (Lao People's Democratic Republic, MOH 2022).

The social welfare pillar mainly refers to non-contributory assistance and services for poor households, children, persons with disabilities, older persons and people affected by shocks. Its policy basis is reflected in the National Social Protection Strategy and is further carried forward in the 10th National Socio-Economic Development Plan 2026–2030, particularly in provisions on expanding social protection services, supporting vulnerable groups and strengthening the social protection system (Lao People's Democratic Republic, Government 2025).

For the LSSO/Lao NSSF, the main challenge of coverage extension lies in expanding social security coverage and strengthening voluntary contribution mechanisms. According to the ILO's social protection country profile for the Lao People's Democratic Republic, as of December 2025, 921,995 people were covered under the Lao NSSF benefit package, including 397,548 insured members and their dependants. Coverage included most public-sector workers, slightly less than half of workers in formal enterprises and 43,329 self-employed workers, especially in the agricultural sector. At the same time, 86.4 per cent of the Lao workforce remained in informal employment and lacked basic social protection coverage (ILO n.d.-a). For self-employed and voluntary insured persons, participation in the Lao NSSF mainly depends on individual contributions; unlike enterprise employees, whose contributions are shared between employers and employees. The law provides separately for employer contributions, employee contributions and contributions by self-employed and voluntary insured persons. As a result, contribution affordability, unstable income and the ability to maintain continuous contributions remain practical constraints on coverage extension.⁵ This institutional context differs from China's resident old-age insurance and resident basic medical insurance schemes, where government subsidies play a more visible role in supporting enrolment and maintaining contribution continuity.

4.3. Progress and results in expanding coverage

Despite limited resources, the Lao People's Democratic Republic has continued to expand social protection coverage under the three pillars of health insurance, social security and social welfare:

1. **Lao NSSF social security coverage has expanded**, but it remains concentrated mainly among public-sector workers, part of the formal enterprise sector and a relatively limited number of self-employed workers.
2. **Progress has been more evident in social health protection.** The final end-term review of the National Social Protection Strategy 2021–2025 found that the Lao People's Democratic Republic had made steady progress towards universal health coverage, with 94.5 per cent of the population legally covered,⁶ alongside a gradual increase in social security coverage among enterprises, self-employed workers and agricultural workers (United Nations Lao PDR 2026). However, such legal or institutional coverage should be distinguished from actual access to services and from the quality of care on offer. The National Health Insurance Strategy 2021–2025 notes that the NHI still faces challenges relating to its institutional status, financial autonomy, accountability, sustainability, institutional capacity, operational issues and its role in the context of donor transition (Lao People's Democratic Republic, MOH 2022).
3. **The country's earlier Health Equity Fund and Community-Based Health Insurance schemes**, which targeted the poor and parts of the informal sector, respectively, remain of historical reference value. With the roll-out of the NHI scheme, HEFs and CBHI were gradually replaced in areas where NHI was implemented; however, Vientiane Capital should be noted as an exception, as CBHI was still operating there and NHI had not yet been implemented under the National Health Insurance Strategy 2021–2025. The current health protection framework should therefore be described as predominantly NHI-based, with this CBHI exception in Vientiane Capital, while the LSSO/Lao NSSF remains mainly responsible for contributory social security (Lao People's Democratic Republic, MOH 2022).
4. **The Lao People's Democratic Republic has begun to combine service outreach with digital tools to improve service accessibility.** In 2023, the LSSO piloted Mobile Social Security Offices with ILO support and subsequently expanded it to additional provinces, increasing the registration of voluntary members. In 2024–25, the ILO supported the development and launch of the Lao People's Democratic Republic's first social security mobile application to increase coverage and improve operational efficiency (ILO 2025c).

⁵ Law on Social Security, No. 34/NA of 2018.

⁶ However, this should not be equated with full effective coverage, as access remains constrained by financing, service delivery capacity and the quality of health services.

4.4. Digital transformation and administrative service innovation

In recent years, the Lao People's Democratic Republic has integrated digital transformation into its broader agenda for modernizing national governance. It has established national coordination mechanisms for digital transformation and has progressively promoted online public services, business registration, tax declaration and other digital public services (Phommathansy 2024). From a social security perspective, digitalization is important not only for improving administrative efficiency, but also for reducing transaction costs for informal workers and enhancing service accessibility.

With support from the ILO–China partnership project, the Ministry of Labour and Social Welfare (MOLSW) and the LSSO launched the country's first social security mobile application in December 2025. The application is designed as a digital service channel through which members can check account and benefit information, as well as contribution history and claim status, and voluntary members can pay contributions remotely (United Nations Lao PDR 2025; ILO 2025c). This mobile application is distinct from the LSSO Mobile Office described in box 4.2 below: the former is a digital front-end service tool, while the latter is an in-person outreach model for communities with limited access to fixed offices or digital services. Together, they illustrate a dual approach to improving accessibility for informal and self-employed workers.

► Box 4.1. Institutional foundations for digital governance in the Lao People's Democratic Republic

The Lao People's Democratic Republic has incorporated digital transformation into its broader agenda of governance modernization and socio-economic development, and has gradually strengthened the legal and regulatory foundations for digital governance, information and communication technology (ICT) development, and cybersecurity. Relevant instruments listed in a 2024 presentation by the Digital Government Center of the Lao Ministry of Technology and Communications include the:

- Law on Prevention and Combating Cyber Crime (2015);
- Law on ICT (2017);
- Law on Payment System (2017);
- Law on Electronic Signatures (2018);
- Law on Advanced Technology (2020);
- Law on Telecommunications (2020);
- Law on Electronic Transactions (2022); and
- Decree on Digital Government (2022).

The same presentation also notes ongoing work in 2024 on draft digital government strategies, artificial intelligence (AI) strategies, a cybersecurity strategy and related law. These instruments provide an enabling foundation for digital public services, electronic transactions, digital authentication, inter-agency coordination and cybersecurity governance. At the same time, the Lao People's Democratic Republic's digital governance framework is still evolving, with continuing constraints in data availability and quality, cross-sector data standardization and integration, digital skills, infrastructure, financing and interoperability across fragmented government systems.

Source: Phommathansy 2024.

► **Box 4.2. The LSSO Mobile Office and improved accessibility of participation**

The LSSO Mobile Office is an offline outreach and on-site service model. Its purpose is to bring social security registration, contribution payment and information services to rural and remote communities, enabling insured persons and potential voluntary members living far from fixed LSSO offices to access services closer to where they live. During the pilot phase, LSSO mobile office teams provided on-site services in rural areas, including communities on the Bolaven Plateau, helping farmers and rural residents complete social security registration and related procedures, thereby helping reduce barriers created by distance and the cost of in-person administration. This approach complements the LSSO mobile application: the former mainly addresses the need for face-to-face services and geographical accessibility for remote communities and groups with limited capacity to use digital services, while the latter improves online access to monthly contribution payments, benefit eligibility checks, benefit amount estimates, and information on contributions, payments and benefit claims for people with internet access and smartphone skills. gration, digital skills, infrastructure, financing and interoperability across fragmented government systems.

Sources: ILO 2025c; ILO 2023b; ILO 2024b.

4.4.1. Digital governance and digital economy strategies

The Lao People's Democratic Republic has placed digital transformation within a broader agenda of governance modernization and digital-economy development. In terms of the medium- and long-term policy framework, the Ministry of Technology and Communications' 20-Year National Digital Economy Development Vision (2021–2040), 10-Year National Digital Economy Development Strategy (2021–2030) and 5-Year National Digital Economy Development Plan (2021–2025) together set out the Lao People's Democratic Republic's policy framework for digital-economy and digital-governance development. The document states that the Government has approved these three frameworks and uses them as the basis for determining the future direction of national digital-economy development.

For extending social security coverage in the informal economy, the importance of this digital-governance agenda lies not merely in technical upgrading, but in building a more stable administrative foundation for registration, identity verification, contribution collection, entitlement records and benefit delivery. Rather than the specific digital-economy targets themselves, the relevance of the agenda lies in its potential to support more reliable social-security administration and service delivery (Lao People's Democratic Republic, MOTC 2021).

Such institutional arrangements can help reduce transaction costs for informal and rural workers, improve the management of enrolment, contribution records and benefit eligibility, and support combined online and offline service-delivery models such as LSSO Mobile Offices, the LSSO mobile application and other channels. At the same time, digital governance in the Lao People's Democratic Republic still faces challenges related to data availability and quality, cross-sector data standardization and integration, skill gaps, infrastructure and funding constraints, fragmented systems and limited interoperability. This means that the digital extension of social security coverage needs to be combined with stronger local service capacity, offline outreach and inclusive digital services (Phommahansy 2024).

4.4.2. China–ASEAN Joint Statement on Promoting the Establishment of a Sustainable and Inclusive Digital Ecosystem

On 10 October 2024, at the 27th China–ASEAN Summit held in Vientiane, China and ASEAN Member States jointly issued the China–ASEAN Joint Statement on Promoting Cooperation in Building a Sustainable and Inclusive Digital Ecosystem.⁷ The statement recognizes that building an open, secure, inclusive and interoperable digital ecosystem can help accelerate the development of the digital economy, digital society and digital government, and is therefore important for the economic and social development of all parties (China, MFA 2024).

The statement sets out a comprehensive pathway for digital cooperation. The parties agreed to strengthen exchanges on digital development strategies and digital regulatory practices, policies, rules and standards, as well as to build platforms for exchanges among governments, businesses and academia. They also agreed to promote digital infrastructure development, strengthen ICT connectivity, interoperability and capabilities, and promote joint construction, maintenance and technical exchange on international communications infrastructure projects.

The statement further links digital cooperation with industrial digital transformation. It encourages the development and use of digital technologies in manufacturing, agriculture and services, and calls for the sharing of experience and strategies through exchange and cooperation platforms. For countries such as the Lao People's Democratic Republic, this cooperation framework is relevant not only to digital-economy development in a narrow sense, but also to broader public service modernization: digital infrastructure, interoperable systems, trusted authentication and digital capacity-building can support more effective registration, payment, information management and service delivery in areas such as social security and social assistance. This latter point should be understood as an analytical implication of the statement rather than as a direct social security commitment in the document itself.

To ensure that the digital ecosystem develops in a secure, inclusive and widely beneficial manner, the statement places particular emphasis on digital security, capacity-building and inclusive digital development. The parties agreed to exchange best practices on digital security, including policies, technologies, standards, industries and capacity-building; to explore training and capacity-building opportunities for digital talent; and to promote policy communication, experience exchange and practice sharing among managers and technical personnel, so as to improve digital skills, knowledge and overall digital literacy. The statement also calls for wider access to and use of digital technologies, and supports all types of enterprises, including micro, small and medium-sized enterprises, in participating in the digitalized, network-based and intelligent upgrading of traditional infrastructure, thereby helping to narrow the digital divide.

A subsequent bilateral example is the China–Laos Artificial Intelligence Innovation Cooperation Center. On 23 February 2025, Guangxi Zhuang Autonomous Region and the Lao People's Democratic Republic held a signing ceremony in Vientiane to jointly establish the centre. *China Daily* (2025) reported that this was the first AI cooperation and innovation platform signed between China and an ASEAN country, and that the two sides would use the centre to systematically strengthen the Lao People's Democratic Republic's foundational capabilities in the AI era and support the development of various sectors. The report also described the centre as a typical example of the two sides' response to the China–ASEAN Joint Statement on promoting cooperation in building a sustainable and inclusive digital ecosystem.

For this report, the significance of the joint statement and the China–Lao AI cooperation platform lies in their potential relevance to the extension of social protection in the informal economy in the Lao People's Democratic Republic. Such cooperation can help improve digital infrastructure, data systems, digital payments, service channels and digital skills, and may over time support institutions such as the LSSO/Lao NSSF in improving registration, contribution collection, entitlement records, communication with members and access to services. However, these initiatives should not be overstated as direct social-security reforms. Their contribution is better understood as part of the broader enabling environment and capacity-building foundation for the digital extension of social security coverage.

⁷ The text of the Joint Statement is available (in Chinese) at: https://www.fmprc.gov.cn/web/ziliao_674904/1179_674909/202410/t20241010_11505046.shtml.

4.5. Challenges

The Lao People's Democratic Republic continues to face a number of structural obstacles in bringing workers in the informal economy into social security. The main challenges are as follows.

1. **Social security design needs to be further adapted to informal employment.** The Lao People's Democratic Republic has already established a voluntary coverage channel under the Lao NSSF for self-employed persons and other workers outside standard wage employment, but actual coverage among informal workers remains limited. For workers with seasonal, cash-based or irregular incomes, contribution continuity, benefit-qualifying conditions and the relationship between contribution records and benefit entitlement remain key constraints on coverage extension (Merttens et al. 2024). At the same time, the benefit package and contribution liability of voluntary contributors are not fully identical to those of employees under compulsory coverage. Self-employed persons may participate voluntarily, but voluntary participation excludes employment injury and unemployment insurance. Their contribution rate is 9 per cent of the selected contribution base, and no employer contribution is available; whereas employee coverage involves separate employer and worker contributions (Plamondon, Phan and Brimblecombe 2024). The policy challenge is therefore not only to open an entry route into the scheme, but also to strengthen the attractiveness, continuity and predictability of voluntary participation, while further clarifying the institutional relationship between employment status, contribution liability and benefit rights.
2. **The affordability, awareness and continuity of voluntary participation remain constraints.** Self-employed persons and other voluntary contributors generally do not have an employer co-contribution, so the contribution burden is borne mainly by the individual. For farmers, own-account workers and small household businesses, the main difficulty is often not simply willingness to enrol, but the ability to maintain contributions over time in the face of unstable incomes (Plamondon, Phan and Brimblecombe 2024). This suggests that future expansion will require more flexible contribution schedules, clearer communication about benefit entitlements, more proactive service guidance, and targeted support for poor and vulnerable groups in order to improve the continuity and perceived value of voluntary participation.
3. **Administrative capacity, data systems and digital access remain practical constraints.** Many rural communities in the Lao People's Democratic Republic are geographically dispersed, transport costs are significant, and fixed service offices have limited reach. Social security expansion, therefore, cannot rely on digital services alone. The World Bank indicator on individuals using the internet shows that, in 2024, internet use in the Lao People's Democratic Republic was still around two thirds of the population, which means that digital services need to be combined with offline outreach and on-site support (World Bank n.d.-b). Data systems also need to be strengthened. Draft 5 of the 10th National Socio-Economic Development Plan 2026–2030 identifies the enhancement, refinement and upgrading of the social security database system, and its integration with relevant sectors, as a priority for making social security operations more efficient, transparent and accountable (Lao People's Democratic Republic, Government 2025). In this context, the LSSO Mobile Offices and the LSSO mobile application should be understood as complementary tools: the former addresses geographical distance, face-to-face service needs, and on-site registration and payment support, while the latter improves online payment, information access and service convenience for members with sufficient connectivity and digital capacity.
4. **Financing, service quality and sustainability across different pillars need to be addressed together.** For health insurance, the National Health Insurance Strategy 2021–2025 identifies challenges relating to the institutional status, financial autonomy, accountability, sustainability, institutional capacity, operational issues and donor transition of the NHI scheme, while also emphasizing the need to strengthen the NHI system to ensure equitable and affordable access to basic health services (Lao People's Democratic Republic, MOH 2022). For social security, Lao NSSF expansion needs to be accompanied by stronger contribution collection, compliance, data quality, fund governance and actuarial management. An ILO actuarial valuation of the Lao NSSF using data for the years 2018–2021 was undertaken at the official request of the LSSO to support amendments to the Social Security Law and improvements in fund governance, management and administration. The resulting report notes that the Social Security Law requires an actuarial valuation every five years, and recommends that this be changed or interpreted as “at least every five years” to allow greater flexibility when there are material changes to the scheme (Plamondon, Phan and Brimblecombe 2024). These issues point to the need for stronger fund governance and financing mechanisms within available fiscal space, together with targeted public support for poor and vulnerable groups, rather than a simple transplantation of subsidy models from other countries.

Alongside these challenges, the Lao People's Democratic Republic is translating its 2030 social protection vision into more concrete targets for 2026–2030. According to draft 5 of the 10th National Socio-Economic Development Plan 2026–2030, output 5 under section 3.3.5 aims to expand the social security and protection network with enhanced quality and effectiveness. The plan sets specific targets, including:

- ▶ 8,210 social security and social protection awareness-raising initiatives;
- ▶ 7,000 additional registered enterprises;
- ▶ social security membership of 724,000 people, including 4,000 government employees, 350,000 private-sector workers and 370,000 voluntary contributors; and
- ▶ 13,572.63 billion Lao kip in revenue collection (Lao People's Democratic Republic, Government 2025).

The Plan also calls for revising the Social Security Law and the Labour Law, expanding communication channels, upgrading the social security database system, strengthening enforcement among registered enterprises, and improving inter-sectoral coordination. These targets show that the Lao People's Democratic Republic's current policy direction is to expand coverage gradually while improving service quality, database capacity and compliance mechanisms. However, their implementation will still depend on parallel improvements in fiscal capacity, administrative enforcement, data interoperability and local service delivery.

The next section compares China, Kenya and the Lao People's Democratic Republic in order to identify commonalities and differences, and to explore where China's experience may be relevant for the Lao People's Democratic Republic and Kenya.

► 5. Comparison of China, Kenya and the Lao People's Democratic Republic

5.1. Key background conditions for expanding social security

In terms of economic and fiscal foundations, China's GDP and GDP per capita are higher than those of Kenya and the Lao People's Democratic Republic (see table 3), which means that China has stronger capacity for fiscal mobilization and institutional integration and is better positioned to use government subsidies, tax and fee support, and integrated institutional arrangements to expand social protection and raise benefit levels. By contrast, given their smaller economic size and relatively constrained fiscal space for social protection, Kenya and the Lao People's Democratic Republic need to adopt expansion strategies that place greater emphasis on low barriers to entry, affordability and phased implementation.

In terms of population structure and life-cycle pressures, the share of the population aged 65 and above is also much higher in China than in Kenya and the Lao People's Democratic Republic, and both the size and growth of the working-age population in China are approaching turning points. As population ageing accelerates, China's challenge is no longer simply to fill coverage gaps, but also to improve the quality of participation. Kenya and the Lao People's Democratic Republic have younger populations and lighter old-age dependency pressures at present, which may give them somewhat more room – within fiscal limits – to invest in preventive and developmental forms of social protection such as basic health care and child development.

In relation to economic structure and patterns of employment, the share of agriculture in both value added and total employment are significantly lower in China than in Kenya and the Lao People's Democratic Republic, while China's service sector and urban wage employment have a stronger capacity to absorb labour. This structural advantage gives China a stronger foundation for a coverage model built around wage employment and employer-based enrolment. At the same time, however, it should also be recognized that, with the rapid expansion of flexible employment and platform work, a participation logic centred on standard employment relationships and employing units is also coming under increasing strain. In Kenya and the Lao People's Democratic Republic, by contrast, the much higher shares of agricultural employment and self-employment mean that workers' incomes are more dispersed and their contribution capacity is more volatile. This, in turn, makes it necessary for coverage expansion strategies to rely more heavily on simplified enrolment procedures; lower entry thresholds; options for small, high-frequency or seasonal contributions; and the use of communities, sectoral organizations and digital channels to reduce the costs of contribution collection and service delivery.

In terms of poverty and the scale of informality, both Kenya and the Lao People's Democratic Republic have higher poverty rates than China, while employment in the informal sector also accounts for a much larger share of total employment. This means that coverage expansion in the two countries cannot rely primarily on a single contributory social insurance model. Instead, institutional design needs to give greater prominence to a graduated policy mix combining contributory social insurance, non-contributory basic protection and targeted subsidies. Publicly financed basic protection should provide a floor for the most vulnerable groups, while self-employed workers, small traders and other groups with some capacity to pay should be offered affordable tiered contribution options, coordinated with poverty reduction measures and basic public services. Although China's statistical categories for employment are not fully comparable with the measures of informal employment used for Kenya and the Lao People's Democratic Republic, indicators such as the employment structure and the share of self-employment suggest that its informality challenge is manifested more in the form of new types of employment and the need to readapt institutions to increasingly diverse labour relationships. Accordingly, the key task in China is shifting from whether people should be brought into the system to how coverage, fairness and long-term sustainability can be achieved within a unified rules-based framework.

► Table 3. Comparison of key background conditions for social security expansion in the three countries

Indicator	China	Kenya	Lao People's Democratic Republic
Total population ¹	1.41 billion	56.43 million	7.77 million
Share aged 65 and above ²	15%	3%	5%
GDP (current US\$) ³	US\$18.7 trillion	US\$124.5 billion	US\$16.5 billion
GDP per capita (current US\$) ⁴	13 000	2 206	2 124
Agriculture, value added (% of GDP) ⁵	6.8%	21.3%	16.8%
Industry, value added (% of GDP) ⁶	36.5%	16.1%	29%
Services, value added (% of GDP) ⁷	56.7%	55.9%	43.5%
Labour force (15+) ⁸	770 million	23.78 million	3.58 million
Urbanization rate ⁹	66%	30%	39%
Employment in agriculture ¹⁰	22% (2023)	32% (2023)	70% (2023)
Self-employment share ¹¹	45.3% (2023)	65.2% (2023)	77.5% (2023)
Poverty headcount ratio at US\$3.00 a day (2021 PPP) ¹²	0 (2022)	45.5% (2022)	7.1% (2024)
Informal employment share (SDG 8.3.1) ¹³	No official data	79.3% (2019)	90.5% (2022)

Note: Unless otherwise indicated in brackets, World Bank indicators refer to the latest available 2024 data. Poverty and informal-employment indicators use the years shown in the table. Data sources and definitions may differ across indicators and should therefore be interpreted as broad background conditions rather than strictly harmonized administrative statistics. To ensure cross-country comparability, the population figures and other background indicators in this table are drawn from the same data source and follow a consistent statistical basis. They may therefore differ slightly from figures cited elsewhere in the report, where country-specific official or thematic sources are used.

Sources: 1 World Bank n.d.-c; 2 World Bank n.d.-d; 3 World Bank n.d.-e; 4 World Bank n.d.-f; 5 World Bank n.d.-g; 6 World Bank n.d.-h; 7 World Bank n.d.-i; 8 World Bank n.d.-j; 9 World Bank n.d.-k; 10 World Bank n.d.-l; 11 World Bank n.d.-m; 12 World Bank n.d.-n; 13 ILO n.d.-b; ILO n.d.-c; ILO n.d.-d.

5.2. Coverage levels and population coverage rates

In terms of the breadth of social security coverage, China has already achieved near-universal coverage, whereas Kenya and the Lao People's Democratic Republic remain at relatively low levels (see table 4). SDG indicator 1.3.1 – effective social protection coverage, defined as “the proportion of the population effectively covered by at least one social protection benefit other than health care” – shows that in 2021 the figure was 75.6 per cent for China, 9.0 per cent for Kenya and 15.5 per cent for the Lao People's Democratic Republic. By branch, China had about 1.07 billion participants in basic old-age insurance, indicating broad coverage of the statutory population, and about 1.33 billion people covered by basic medical insurance, with the coverage rate sitting at around 95 per cent. By contrast, pension coverage in Kenya remains low, while effective health protection is also limited; the 2022 Kenya Demographic and Health Survey showed that only 26.3 per cent of the de jure household population had some form of health insurance (Kenya, KNBS 2023). In the Lao People's Democratic Republic, coverage under the Lao NSSF remains low. Although reported legal/administrative social health protection coverage under the broader NHI framework is high—around 94–94.5 per cent of the population—this headline figure should not be equated

with full effective access or financial protection, which remain constrained by enrolment and compliance gaps, incomplete identification or registration of some eligible groups, and uneven service-delivery capacity. In short, Kenya and the Lao People's Democratic Republic remain at a stage of relatively inadequate social security coverage, with most workers in the informal economy still outside the social security net.

At the same time, data from the ILO's ILOSTAT database shows that the share of informal employment remained around 80 to 90 per cent in both Kenya (2019) and the Lao People's Democratic Republic (2022), indicating that both countries face strong structural constraints arising from very high levels of informality. Against this background, China has developed a policy mix that may offer useful reference points, including resident schemes that provide a basic floor of protection, easier participation and portability of entitlements across places of employment, and pilots of occupational injury protection within the work injury insurance framework.

► **Table 4. Overview of social security coverage indicators in the three countries (2023 or latest available year)**

Indicator	China	Kenya	Lao People's Democratic Republic
Pension coverage rate (share of contributors in the labour force aged 15+, %)	93.3	10.7	10.3
Pension coverage rate (share of people above statutory retirement age receiving a pension, %)	100	19.8	7.0
Health protection (SDG 3.8.1 UHC service coverage index)	85	57	64
Unemployment protection (beneficiaries of unemployment benefits as a share of unemployed persons, %)	21.9	0.0	30.8
Employment injury protection (workers protected against employment injury risks as a share of total employment, %)	35.9	12.4	10.3
Social assistance coverage (share of vulnerable groups receiving social assistance cash benefits, %)	38.7	3.6	11.2
Share of the population covered by at least one social protection benefit, excluding health care (%) (SDG 1.3.1)	75.6	9.0	15.5

Source: ILO n.d.-e.

5.3. Institutional design and policy measures

Overall, all three countries recognize the need to provide both contributory and non-contributory forms of protection in order to cover people in different forms of employment and with different levels of contributory capacity. China and the Lao People's Democratic Republic have both established tax-funded resident or universal health protection arrangements, while Kenya now provides publicly financed health protection for poor and vulnerable groups, mainly through the Social Health Authority (SHA) and the Social Health Insurance Fund (SHIF), including government-paid contributions for indigent and vulnerable households identified through the Social Registry and the Inua Jamii cash transfer programme. In relation to old-age protection, China operates a government-subsidized resident pension scheme, with the basic pension financed from public funds, whereas Kenya and the Lao People's Democratic Republic do not yet have a nationwide social pension. Kenya does, however, provide a modest old-age cash transfer to the poorest elderly people through its social assistance system, and the Lao People's Democratic Republic has also discussed the possibility of establishing a universal basic pension in the future.

5.3.1. Legal and policy frameworks

In recent years, legislation in China's social security field has accelerated markedly. The system is moving from a stage in which institutional development relied heavily on policy documents and administrative regulations towards a new phase characterized by dedicated legislation and more systematic governance. The Social Insurance Law provides the basic legal framework for China's social insurance system, while the Regulation on Social Insurance Administration, as a dedicated administrative regulation on social insurance administration, has further standardized administrative services, rights protection and fund-safety management. On 30 April 2026, the Standing Committee of the 14th National People's Congress adopted the Social Assistance Law, which will take effect on 1 July 2026 (Xinhua 2026a). This marks the elevation of social assistance into national legislation and provides a basic legal guarantee for safeguarding minimum living standards. At the same time, the draft Medical Security Law was submitted for a second reading by the Standing Committee of the 14th National People's Congress in April 2026 (Xinhua 2026b). The second-reading draft further improves provisions on the multi-tiered medical security system, medical insurance fund management, long-term participation mechanisms, maternity-insurance improvement and the expansion of maternity-insurance coverage. Long-term care insurance has also moved from pilot exploration towards nationwide institutional development: in March 2026, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Accelerating the Establishment of the Long-Term Care Insurance System, setting the goal of basically establishing a long-term care insurance system suited to China's national conditions in about three years (China, General Office of the CPC Central Committee and General Office of the State Council 2026). In addition, the Childcare Services Law has been included among bills for continued deliberation, while legislative projects relating to elderly care services and social insurance fund supervision are also being studied and advanced. Overall, China's social security legal system has developed a relatively comprehensive institutional framework, and the institutionalization and standardization of administrative services and fund supervision have continued to improve. However, the system remains in the process of further consolidation and refinement. Continued dedicated legislation, legal amendments and supporting regulations are still needed to clarify the links between different schemes, the boundaries of rights and obligations, financing responsibilities, administrative services and supervision rules.

Kenya has also developed a range of laws and policies, including the Kenya Social Protection Policy 2023, the Social Health Insurance Act 2023, the Work Injury Benefits Act 2007 and the Social Protection Act 2025, which provide legal foundations for expanding coverage. The Kenya Social Protection Policy 2023 frames the sector around four pillars: income security, social health protection, shock-responsive social protection and complementary programmes.

In the Lao People's Democratic Republic, the Law on Social Security (2013, amended in 2018), the Law on Health Coverage (Lao People's Democratic Republic 2018b), and the National Social Protection Strategy provide an important institutional basis for extending social protection. However, further efforts are still needed to strengthen the legal framework, governance and financing arrangements, and administrative capacity.

In comparative terms, China has been stronger in translating policy into implementation at the grassroots level. In Kenya and the Lao People's Democratic Republic, by contrast, laws often exist but are not fully enforced because of weaker governance capacity and limited administrative reach. For example, employer enrolment obligations are difficult to enforce in Kenya's informal economy; and in the Lao People's Democratic Republic, after social security registration was no longer linked to business licensing, many enterprises simply ignored participation requirements. This makes enforcement, inspection and accountability mechanisms a major point of difference among the three countries.

5.3.2. Financing mechanisms and fiscal input

In expanding social security, China has placed emphasis on government subsidies and social pooling. Both resident pensions and resident medical insurance receive fiscal support at different levels of government, and funds operate through a combination of pay-as-you-go and partial accumulation.

Kenya relies more heavily on contributions from individuals and employers, with direct government subsidy concentrated mainly in social assistance, health protection for poor and vulnerable households, and selected floor-level programmes. In the area of child protection, a feasibility study for a universal child benefit has been conducted and a pilot universal child benefit programme has been implemented, but it has not yet been rolled out nationally.

The Lao People's Democratic Republic's fiscal capacity is more limited still, with the State providing very limited direct fiscal subsidy to the Lao NSSF, except for the Government's role as employer for public sector workers. Tax financing is, however, more visible in the health protection pillar.

This contrast shows clearly that the scale of public financial support is one of the major differences among China, Kenya and the Lao People's Democratic Republic. China achieved broad coverage through substantial public investment, whereas Kenya and the Lao People's Democratic Republic still devote a relatively small share of GDP to social protection and face funding bottlenecks in expansion. This comparison points to financing as a central constraint in coverage expansion. In contexts of widespread poverty, universal social security is difficult to achieve through private contributions alone without stronger and more predictable public financing.

5.3.3. Special measures for the informal economy

All three countries recognize that standard institutional arrangements do not automatically cover workers in the informal economy and have therefore adopted innovative measures to narrow protection gaps. China's more prominent approach has been to improve participation arrangements for people in flexible employment and workers in new forms of employment. This includes improving policies that allow people in flexible employment to participate in employee basic old-age insurance at their place of work, steadily piloting occupational injury protection for workers in new forms of employment, and using the Universal Participation Plan to target key groups such as new form workers and rural migrant workers through differentiated and more precise coverage-extension measures.

Kenya, for its part, explored flexible retirement-saving arrangements for the informal sector at an earlier stage and accumulated experience through micro-contribution mechanisms such as the Mbao Pension Plan. Within the Kenyan NSSF's current service and coverage-extension framework, the Haba Haba arrangement and M-PESA contribution channels⁸ provide more practical entry points for engaging informal-sector workers, especially self-employed workers (Kenya, NSSF n.d.-a, n.d.-b).

In relation to health protection, Kenya is restructuring health financing through the Social Health Insurance Act, 2023. The Act establishes the Social Health Authority (SHA) and the Social Health Insurance Fund (SHIF), requires every Kenyan to register as a member of the SHIF, and provides for contributions or financing responsibilities from households, employers, the national government and county governments. Maternal health services previously provided by or associated with the Linda Mama programme have been reconfigured and integrated into the SHA benefit package, with pregnancy, delivery and postnatal services now addressed within the social health insurance framework (Kenya, MOH 2025). Kenya has also advanced the digitalization of health insurance administration. The Social Health Insurance Act requires the continued digitization of processes and services such as member registration, member identification, contributions, facility empanelment, contracting, pre-authorization, claims management and claims settlement. The SHA website also provides online self-registration, USSD self-registration and assisted enrolment (Kenya, SHA n.d.).

For the Lao People's Democratic Republic, earlier social health protection arrangements included Health Equity Funds (HEFs) for the poor and Community-Based Health Insurance (CBHI) for parts of the informal sector. With the roll-out of the National Health Insurance (NHI) scheme, the management of informal-sector health protection

8 M-PESA contribution procedure allows members to pay directly into their NSSF accounts by mobile phone, thereby reducing the barriers created by in-person administration and fixed payment channels for workers in the informal economy (Kenya, NSSF n.d.-b)

arrangements was transferred to the National Health Insurance Bureau (NHIB) under the Ministry of Health, and HEFs and CBHI were gradually replaced in areas where NHI was implemented. However, Vientiane Capital should be noted as an exception, as CBHI was still operating there and NHI had not yet been implemented under the National Health Insurance Strategy 2021–2025 (Lao People's Democratic Republic, MOH 2022). The current system should therefore be described as predominantly NHI-based, with a CBHI exception in Vientiane Capital. The more relevant current measures are the voluntary coverage channel under the Lao NSSF for self-employed workers and the use of LSSO Mobile Offices and the LSSO mobile application to improve service accessibility.

In essence, these measures seek either to reduce the financial cost of participation, through lower contribution barriers, greater payment flexibility and public support, or to reduce the time and effort costs of participation, through outreach services, simplified procedures, mobile payments and digital tools. In terms of outcomes, China, supported by much larger fiscal inputs and stronger administrative and technological capacity, has been able to mobilize a far wider population. By contrast, Kenya and the Lao People's Democratic Republic remain constrained by resources and institutional capacity and, especially in contributory social security such as pensions, have not yet translated these efforts into broad and effective coverage for most workers in the informal economy. Nevertheless, Kenya's experience with flexible retirement saving, mobile contributions and SHA digitalization, and the Lao People's Democratic Republic's experience with health protection integration, LSSO Mobile Offices and the LSSO mobile application, provide important reference points for future reform.

5.4. Digital transformation and administrative services

Digital technology is increasingly becoming an important tool for expanding social security coverage and strengthening governance capacity. Through the development of information systems, digital identity authentication, online service platforms and mobile payment mechanisms, governments can reduce the administrative costs of enrolment and contribution collection, improve accessibility, and enhance the management of social insurance funds and the governance of social security data. In developing countries where informal employment accounts for a large share of the economy, digital service delivery can also lower the transaction costs of participation, making it easier for workers with unstable incomes or highly mobile employment patterns to join social security schemes.

Digital transformation has become a common accelerator of social security expansion in all three countries, although their preconditions and implementation pathways differ. In China, the nationally unified public social insurance service platform and the electronic social security card have been used to improve administrative efficiency and cross-regional accessibility. In Kenya, where mobile payments are widely used, institutions such as the Kenyan NSSF have enabled small-value contributions and account management through channels such as M-PESA, making participation more compatible with the income volatility of informal workers. In the Lao People's Democratic Republic, digital infrastructure remains relatively weak, but with the support of international cooperation, the country has been advancing mobile-based services and information system development, thereby laying the groundwork for future coverage expansion and the modernization of social security governance.

China: Institutional integration and service upgrading driven by digital platforms

The defining feature of China's digital transformation in social security is the use of nationally unified digital platforms to support institutional integration and service standardization. Through the National Public Service Platform for Social Insurance and related government service platforms, social insurance administration has progressively become more interconnected across regions. The rollout of the electronic social security card has enabled insured persons to access a wide range of services through mobile devices, including participation records, benefit-related services and pension insurance relationship transfer procedures. In this way, digitalization has not only improved administrative efficiency, but also strengthened cross-regional accessibility and reduced institutional frictions associated with labour mobility. At the same time, China has gradually developed an integrated online–offline service model by combining e-government platforms, mobile applications and grassroots service outlets. Overall, China's digital pathway has relied primarily on platform unification and administrative integration to improve both system efficiency and service accessibility.

Kenya: A contribution-facilitation model driven by mobile payments

A distinctive feature of Kenya's social security digitalization is the extensive use of mobile financial technology. Because conventional banking coverage is relatively limited while mobile payment use is widespread, social

security institutions have made effective use of mobile payment infrastructure in expanding access. In particular, the Kenyan NSSF has enabled members to remit contributions through M-PESA, including via PayBill services and self-service channels, allowing users to make contributions and manage their accounts without visiting Kenyan NSSF offices in person. This has significantly reduced transaction costs and made it easier for informal workers to contribute small and flexible amounts in line with fluctuating incomes. In contexts where informality is widespread, this model is especially adaptive, while also improving transparency in contribution records and enhancing confidence in the system.

Lao People's Democratic Republic: Governance-capacity enhancement driven by information system development and service outreach

Compared with China and Kenya, the digital transformation of social security in the Lao People's Democratic Republic remains at an earlier stage. However, with support from international cooperation projects and multilateral partners, the Lao People's Democratic Republic has begun to combine two complementary channels: the LSSO Mobile Office, which brings face-to-face services to rural and underserved communities, and the recently launched LSSO mobile application, which provides digital access to account, contribution and benefit-related services (ILO 2023b; United Nations Lao PDR 2025). This dual approach is particularly relevant where both geographic distance and the digital divide affect access. Although the scale of these innovations remains limited, they are helping to strengthen administrative capacity and improve service accessibility, while also laying foundations for future data connectivity and more user-centred social security services.

The comparison shows that digital pathways differ substantially across the three countries and are shaped by infrastructure, labour-market structure and administrative capacity. In China, digitalization has been driven mainly by unified state platforms and administrative integration; in Kenya, by the widespread use of mobile payments to facilitate flexible contributions; and in the Lao People's Democratic Republic, by gradual improvements in information systems and service outreach under conditions of more limited institutional and digital capacity.

5.5. Major obstacles to expanding social security coverage

Taken together, China, Kenya and the Lao People's Democratic Republic face both common and country-specific obstacles to expanding social security coverage. On the common side, large informal economies, difficulties in contribution collection, low and unstable incomes among parts of the workforce, and the need to further adapt institutional arrangements to diverse and changing labour-market realities are challenges widely encountered across developing countries. China has likewise faced problems such as heavy contribution burdens and interruptions in coverage among people in flexible employment, although these issues are more pronounced in Kenya and the Lao People's Democratic Republic. Weak implementation capacity, limited data availability and insufficient public awareness also remain common challenges.

At the same time, each country also faces its own specific challenges. In China, the current priority lies in adapting social security institutions to population ageing and new forms of employment. The main issue is no longer the achievement of basic coverage, but rather the improvement of benefit adequacy and the deepening of institutional reform.

Kenya faces country-specific conditions, including complex health-risk profiles, income and regional disparities, and highly mobile or informal settlement patterns in some communities, all of which can increase the difficulty of registration and service delivery. At the same time, Kenya has a relatively more developed financial ecosystem, particularly in mobile payments, which provides favourable conditions for using digital tools to innovate social protection financing and service delivery.

The Lao People's Democratic Republic, by contrast, has a different set of country-specific conditions. Its population is relatively small and dispersed, with many villages scattered across mountainous areas where transport and communications remain difficult. In addition, external assistance remains an important part of the policy environment, so the continuity and domestic anchoring of reforms require sustained attention. Community mutual support and family-based care also continue to play a central role in Lao society, meaning that formal social protection institutions need time to deepen outreach and public trust. These country-specific conditions suggest that China's experience cannot simply be replicated, but must instead be adapted to local realities in each case.

In summary, China has already moved beyond the stage of achieving broad coverage and is entering a new phase of higher-quality development, whereas Kenya and the Lao People's Democratic Republic are still at a stage of moving from limited to broader coverage. Where fiscal space and administrative capacity remain constrained, it is generally more appropriate to begin with a social protection floor, prioritizing key risks and key population groups, while using digitalization to improve accessibility and governance efficiency. As institutions become more mature, benefit adequacy can then be gradually strengthened, the mix of risks covered can be improved and institutional integration can be further advanced.

5.6. International cooperation: The practical value of the ILO–China partnership project

As an important element of the international cooperation context for this study, the ILO–China partnership project (2023–2026) has, through a South–South cooperation approach, focused on two main lines of work – (i) extending coverage to workers in the informal economy and (ii) advancing digital transformation – to provide policy advice, capacity-building and technical support to Kenya and the Lao People's Democratic Republic, generating positive results.⁹

In the Lao People's Democratic Republic, the project supported the LSSO in developing and launching the country's first social security mobile application, which provides digital access to account information, contribution records and benefit-related services and is intended to improve service delivery for insured members and voluntary contributors (ILO 2025c).

In Kenya, the project has supported national and county-level implementation of the Strategy for Extending Social Protection to Workers in the Informal and Rural Economy. With ILO technical and financial support, action plans for extending social protection to workers in the informal and rural economy were approved in Busia, Kisumu and Mombasa counties in 2025. The project also supported the Kenyan NSSF's digital transformation by contributing to its Digital Transformation Strategy and Roadmap, Data Quality Assessment, Data Improvement Plan and Data Governance Framework, thereby strengthening the basis for registration, contribution collection, data management and service delivery for workers in the informal economy (ILO 2025d; UNU-EGOV 2024).

Implementation and main outputs

At the policy level, the project has supported government departments and relevant institutions in both countries to analyse – through policy research, thematic consultations and multi-stakeholder dialogue – the main institutional barriers faced by workers in the informal economy when seeking coverage and to explore more inclusive social security pathways. These policy exchange activities have improved coordination both among government departments and between government and social partners, thereby providing policy references and decision support for coverage expansion. At the institutional level, the project has organized a series of activities and technical workshops aimed at strengthening the capacities of social security institutions in system management, policy implementation and service delivery. Through experience-sharing and technical exchange, relevant institutions have gradually accumulated experience in registration, contribution management and the use of information systems, thereby laying institutional and technical foundations for broader coverage and better public services. In the area of digital service development, the project has supported the development of social security information systems and the exploration of mobile services, promoting a gradual shift towards electronic and digital service delivery. For example, in the reform process of the LSSO, the project provided technical support for mobile service development and information-system construction, helping to improve the management of insured persons' information and the accessibility of public services in the Lao People's Democratic Republic. These digital tools have not only improved administrative efficiency but have also created an important technical basis for future coverage expansion. In addition, through the South–South cooperation mechanism, the project has promoted experience-sharing between China and Kenya and the Lao People's Democratic Republic. China's practical experience in social security expansion, institutional management and digital administration has been shared through seminars, study visits and technical dialogue, providing useful references for partner countries in institutional reform and public service innovation.

9 See the project webpage at: <https://www.ilo.org/projects-and-partnerships/projects/extending-social-protection-coverage-workers-informal-economy-lao-peoples>.

Positive effects of the project

The project has generated benefits at multiple levels:

1. At the policy level, the project has promoted more systematic discussion among government departments and stakeholders on the extension of social protection, raised awareness among policymakers of the protection needs of workers in the informal economy, and helped advance related reform agendas.
2. At the institutional level, capacity-building activities have improved the ability of social security institutions to manage schemes and deliver services, enabling them to undertake registration, contribution management and information-system use more effectively, and thereby strengthening implementation capacity.
3. At the public service level, the exploration of digital services and mobile applications has gradually made social security services more convenient and efficient, lowering the administrative costs of participation and access to services and creating conditions for broader future coverage.

Longer-term significance

Over time, the project has laid an important foundation for the development and modernization of the social protection systems of Kenya and the Lao People's Democratic Republic:

1. Through institutional research and policy dialogue, the project has helped to place social protection reform more firmly on the agenda and to encourage gradual movement towards more inclusive and sustainable systems, thereby creating conditions for broader coverage of workers in the informal economy.
2. Through capacity-building and technical support, the project has strengthened the governance and implementation capacities of social security institutions, providing institutional support for the long-term stable operation of the system.
3. By promoting digital services and information-system development, the project has laid a foundation for the digital transformation and governance modernization of both countries' social protection systems. As digital infrastructure continues to improve, these technical platforms should help to increase accessibility, reduce administrative costs, and improve transparency and operational efficiency.
4. Through the South–South cooperation mechanism, China's experience in social security expansion and digital administration has been shared and adapted, offering a useful demonstration of cooperation among developing countries in the field of social protection. This mode of cooperation promotes not only policy learning, but also a wider basis for future collaboration in social security governance, digital transformation and social policy innovation.

From the perspective of replicability, the key value of international cooperation lies not in transplanting institutions but in jointly developing policies and tools that fit national conditions – translating the ILO's social protection floors principles into workable combinations of layered institutional arrangements; focusing digital capacity-building on high-frequency functions such as registration, contribution payment, records of entitlements and benefit delivery; and using a gradual pathway of pilot–evaluation–scale-up to extend coverage.

5.7. Adaptable elements of China's experience

Based on the above comparison, several elements of China's experience can be summarized as potentially relevant for countries such as Kenya and the Lao People's Democratic Republic in expanding social security coverage in the informal economy.

Lesson 1: A firm universal coverage objective and strong top-level design

China has elevated universal social security coverage to the level of a national development objective and pursued it through sustained central policy direction. This has given coverage-expansion efforts greater continuity, authority and policy coherence. In March 2026, the Government Work Report (China, State Council 2026) again stressed the need to make stronger efforts to protect and improve people's well-being, including by:

- introducing policies to support participation in employee insurance by individuals in flexible employment and new forms of employment;
- strengthening social security and related services;
- improving and implementing national pooling of basic old-age insurance;
- expanding unemployment and work injury coverage;
- steadily broadening the occupational injury protection pilots;
- improving the transfer and continuation of social security rights and entitlements; and
- refining maternity insurance and maternity leave arrangements.

Kenya and the Lao People's Democratic Republic have also adopted national social protection policy frameworks and strategies, but stronger implementation, clearer prioritization and more operational road maps are still needed. Kenya's policy framework now includes the Kenya Social Protection Policy 2023, the Social Protection Act 2025, the Social Health Insurance Act 2023, and the Strategy for Extension of Social Protection Coverage to Workers in the Informal and Rural Economy in Kenya (Kenya, MOLSP 2023a, 2023b). The latter strategy, developed through a participatory process and launched in 2023, provides more specific guidance for extending social protection to workers in the informal and rural economy, including through improved coordination, outreach, registration, contribution mechanisms and benefit design.

The Lao People's Democratic Republic adopted its National Social Protection Strategy: Vision 2030 – Goal 2025 in 2020 and is already preparing a new strategy for 2026–30. What both countries need, therefore, is to translate broad policy commitment into clearer phased coverage targets, concrete implementation pathways and stronger accountability mechanisms embedded in national policy and planning documents.

Lesson 2: Lowering entry thresholds and providing floor-level pathways into the system

With the objective of covering everyone, informal workers should be incorporated into institutional design and public service systems so that, even without a standard employment relationship, they can still enter the social security system through resident schemes, enrolment in an individual capacity or simplified voluntary arrangements. One of China's key experiences has been to provide a low-threshold entry point for those outside employee insurance through the Basic Pension Insurance Scheme for Urban and Rural Residents and the Basic Medical Insurance Scheme for Urban and Rural Residents.

For Kenya, the more realistic direction is not to create an entirely new resident pension scheme, but to strengthen low-threshold arrangements within the existing framework. The Kenyan NSSF already covers formal and informal workers, and Haba Haba offers a flexible savings entry point; the next step is to improve contribution tiers, incentives, portability, record-keeping and links with social protection floors so that it can better support old-age income security rather than remain only a small-savings product.

For the Lao People's Democratic Republic, likewise, the priority is not to create a completely new entry point from scratch, but to further lower thresholds, simplify procedures and strengthen support within the existing voluntary participation framework. This could include introducing lower contribution tiers, allowing more flexible payment frequencies, and providing fiscal support for the most vulnerable groups.

Lesson 3: Government finance should provide the necessary incentives, subsidies and floor-level support

One important reason China was able to expand social security coverage relatively rapidly is that public finance has consistently supported both participation and basic benefits. Through the Basic Pension Insurance Scheme for Urban and Rural Residents and the Basic Medical Insurance Scheme for Urban and Rural Residents, the Government has provided low-income and informal workers with a realistic pathway into the system and a basis for continued participation through contribution subsidies, fiscal support and the basic pension. For groups with limited ability to pay, a moderate increase in public subsidies and a corresponding reduction in individual contribution burdens are often decisive for both enrolment and continued participation.

For Kenya, the priority is to combine contributory arrangements with stronger public financing for floor-level protection. The Older Persons Cash Transfer already provides near-universal support for eligible persons aged 70 and above, government sponsorship under SHA/SHIF can protect indigent and vulnerable households, and future complementary programmes such as child benefits should proceed through evidence-based piloting before national roll-out.

For the Lao People's Democratic Republic, although fiscal capacity and fiscal space are relatively limited, it is still necessary to increase the social protection budget gradually, with priority given to supporting the enrolment of people in extreme poverty and other particularly vulnerable groups, while steadily strengthening the basic protection floor. In addition, continuing to mobilize technical and financial support through international cooperation, including with the ILO and global initiatives such as USP2030, remains a realistic and necessary strategy. Overall, without fiscal incentives and public financing to provide a safety net, those least able to contribute – yet most in need of protection – will remain the most likely to be left out.

Lesson 4: Strengthening legal obligations and enforcement while gradually clarifying the responsibilities of all parties

As social security systems mature, coverage expansion cannot rely on publicity and encouragement alone; it also requires clear legal obligations and effective enforcement. China's Social Insurance Law clearly requires employers to complete social insurance registration for employees within 30 days from the date of hiring and to pay contributions in full and on time. For workers in new forms of employment, current policy in China also makes clear that, where the facts support the establishment of a labour relationship, enterprises must participate in social insurance in accordance with the law. Where the working arrangement does not fully meet the criteria for establishing a labour relationship, workers are to be guided and supported to participate in the appropriate schemes according to their circumstances.

For Kenya, the priority is to strengthen legal obligations and enforcement under the SHA/SHIF framework, while ensuring that implementation remains consistent with constitutional safeguards. The Social Health Insurance Act, 2023, establishes mandatory registration and contribution obligations:

- every Kenyan is required to register as a member of the SHIF;
- non-Kenyans ordinarily resident in Kenya are eligible for registration;
- salaried households contribute through statutory payroll deductions;
- non-salaried households contribute on the basis of income assessed through the means-testing instrument; and
- households requiring financial assistance may have their contributions paid by the Government.

The 2024 Social Health Insurance Regulations (Legal Notice No. 49 of 2024) further specify a contribution rate of 2.75 per cent of gross salary or wages for salaried households, subject to a minimum monthly contribution of 300 Kenyan shillings; non-salaried households are also subject to the 2.75 per cent contribution rate based on assessed household income, with the same minimum monthly contribution. At the same time, enforcement should not be interpreted as an unrestricted power to deny emergency medical treatment or essential public services on the basis of registration or contribution status. In July 2024, the High Court held that sections 26(5) and 27(4) of the Social Health Insurance Act were unconstitutional to the extent that they failed to provide exceptions for the right to emergency medical treatment under article 43(2) of the Constitution. In September 2024, the Court of

Appeal granted a stay of that judgment pending appeal.¹⁰ The next step is therefore to consolidate registration, contribution collection, employer compliance, data accuracy and provider accountability, while clarifying the boundaries of enforcement and safeguarding access to emergency and essential services.

For the Lao People's Democratic Republic, the amended Law on Social Security (2018) already provides that employers are obliged to join and contribute to social security, that insured persons are required to register and pay contributions, and that inspection and sanction provisions apply in cases of violation. The next step should focus on strengthening labour inspection and coordination in administration so that more enterprises and workers are effectively brought into the system, while further clarifying the applicable rules for borderline groups such as domestic workers and casual labourers. At the same time, stronger compulsory coverage should still be accompanied by support measures such as contribution reductions or subsidies. Otherwise, compulsory coverage requirements might increase the burden on vulnerable groups and weaken policy acceptance.

Lesson 5: Prioritizing flexible and convenient services to improve accessibility

China has used the National Public Service Platform for Social Insurance and the electronic social security card to enable cross-regional online access to services such as social insurance inquiries, transfer procedures and benefit eligibility certification, greatly facilitating enrolment and continuity for mobile populations. The electronic social security card has become an important digital service carrier, allowing many services that once required in-person visits to be completed on mobile devices, thereby reducing transaction costs and improving accessibility.

For Kenya, the priority is to continue advancing a mobile-first and user-friendly service model under the new SHA/SHIF framework. Current law already requires the continued digitization of social health insurance processes, and the SHA platform already provides web self-registration, USSD self-registration and assisted enrolment channels. At the same time, the Kenyan NSSF already enables members to make payments and access related services through M-PESA, its self-service portal and its mobile application. The next step is to integrate registration, contribution payment, entitlement checks and service guidance more effectively, so that informal workers can interact with the system through small, flexible and frequent transactions.

For the Lao People's Democratic Republic, the key is to combine digital tools with service outreach. With support from international cooperation, the LSSO has already piloted mobile offices in villages and recently launched the country's first social security mobile application. Given that many social security services had previously been accessible mainly through LSSO branch offices and some bank counters, the next step should be to expand mobile outreach, improve app-based functions, and strengthen provincial- and district-level service networks and information systems, so as to reduce the geographical barriers faced by people in remote areas in accessing enrolment, contribution payment and benefits. Overall, the more flexible and convenient service delivery becomes, the more accessible the system is likely to be, and the more favourable the conditions for coverage expansion.

Lesson 6: Strengthening public education and awareness-raising to foster a culture of social security

The continued expansion of social security coverage in China has relied not only on institutional reform, but also on long-term policy communication, service guidance and public education. In recent years, local authorities across the country have continuously carried out publicity and education activities centred on the electronic social security card and social insurance policies. For Kenya and the Lao People's Democratic Republic, where households and communities have traditionally relied more heavily on family support, community networks and informal mutual assistance, building stable participation awareness and trust in formal institutions likewise requires sustained public communication and social guidance.

For Kenya, the priority is to make existing publicity efforts more institutionalized and routine. As the SHA/SHIF reform has advanced, the Ministry of Health has already organized public sensitization on social health insurance regulations and used Community Health Promoters to support grassroots registration and public outreach. The next step could be to integrate basic social security knowledge more systematically into school education, community training and media communication, while using radio, television, social media and real-life examples to reinforce the message that enrolment is beneficial and that continued participation matters even more.

10 See: High Court of Kenya, *Aura v Cabinet Secretary, Ministry of Health and 11 Others; Kenya Medical Practitioners & Dentist Council & Another (Interested Parties)*, Constitutional Petition E473 of 2023, [2024] KEHC 8255 (KLR), Judgment, 12 July 2024; and Court of Appeal of Kenya, *Cabinet Secretary, Ministry of Health v Aura & 13 Others*, Civil Appeal (Application) E565 of 2024, [2024] KECA 1195 (KLR), Ruling, 20 September 2024.

For the Lao People's Democratic Republic, the key is to direct limited awareness resources more towards rural populations and informal workers. Going forward, mobile village services, app-based communication, local radio and village-level training could be combined to improve public understanding of participation rights, contribution rules and benefit procedures in a more targeted way. Overall, when more people come to recognize that social security is not optional, but rather an important part of household risk management, coverage expansion tends to become much easier. Fostering public awareness of social security should therefore be regarded as an integral part of system-building.

Lesson 7: Proceed steadily through pilot programmes, refine policies through practice and scale up gradually once they are mature

China has repeatedly adopted a pilot-first approach in social security reform, and the occupational injury protection pilot for workers in new forms of employment is a recent example. In 2025, the relevant authorities made clear that the scope of the pilot would be expanded, and they also proposed further orderly expansion in 2026. This approach of piloting first, then reviewing and improving the policy before scaling up gradually, helps to accumulate institutional experience while keeping risks under control.

For Kenya, one possible approach would be to conduct pilots within the existing SHA/SHIF and Kenyan NSSF frameworks by selecting specific counties, sectors or organizational channels to test more convenient enrolment and more flexible contribution arrangements. Current regulations already require residents in Kenya to register, and the SHA has introduced web-based self-registration, USSD self-registration and assisted registration channels. At the same time, the Kenyan NSSF has already provided informal-sector workers with a low-threshold arrangement for small and flexible contributions through Haba Haba. The next step could be to pilot, in selected counties, a combined model of cooperative- or association-assisted registration, small and frequent contributions, and targeted subsidies, and then expand gradually on the basis of results.

For the Lao People's Democratic Republic, a more realistic approach would be to pursue small-scale innovation within the existing voluntary participation framework. In one or two provinces, pilots could be launched combining simplified enrolment for rural self-employed workers, collective enrolment through cooperatives, mobile outreach services and targeted subsidies. With the support of international cooperation, these pilots could then be used to assess which approaches are best suited to national conditions. Overall, the more complex the challenge of expanding coverage, the more important it is to use pilot programmes to reduce policy risks and improve implementation design.

Lesson 8: Making good use of international cooperation and comparative learning

As an important partner of the ILO in South–South cooperation, China can continue to contribute to mutual learning with other developing countries in the field of social security through experience-sharing, technical support and capacity-building. In recent years, cooperation between China and the ILO on social protection has continued to deepen. In the Lao People's Democratic Republic and Kenya, the ILO–China Partnership has supported social security digitalization and service innovation, as well as exchange visits on social insurance innovation. For Kenya and the Lao People's Democratic Republic, the next step is to align such cooperation more closely with their own reform needs by strengthening collaboration with China and international organizations in areas such as data management, fund governance, contribution collection, digital services and personnel training. For projects that have already generated concrete results, it is also important to carry out impact evaluations and prepare case studies clarifying the conditions of applicability, cost structures and governance prerequisites, thereby increasing their value for other countries seeking to learn from them. Overall, the more specific international policy learning is, and the more attention it pays to local adaptation, the more effective its translation into practice is likely to be.

Certain policy elements in the Chinese case are relevant under specific conditions, but their transferability depends on fiscal space, administrative capacity, digital infrastructure, labour-market structure and the broader political economy. In expanding social security coverage in the informal economy, Kenya and the Lao People's Democratic Republic may draw the following lessons from China:

- setting ambitious yet realistic universal-coverage goals;
- establishing a multi-tiered protection system;
- using fiscal leverage to encourage participation;

- improving legal frameworks and strengthening enforcement;
- enhancing the convenience of administration and service delivery;
- reinforcing public education to build social consensus;
- advancing reform gradually through pilot programmes; and
- making effective use of international cooperation resources.

At the same time, no experience can simply be transplanted without adaptation to national conditions. For example, China's large-scale fiscal subsidies are unlikely to be feasible for Kenya and the Lao People's Democratic Republic in the short term, but modest subsidies could be introduced first and then increased gradually over time. Legal obligations and compulsory mechanisms should be designed in line with ILO standards and rights-based principles, and should be accompanied by affordable contribution options, subsidies for those unable to pay, access to quality services and clear safeguards so that coverage expansion does not exclude or penalize vulnerable groups. The value of policy learning lies not in copying institutional forms, but in identifying policy combinations that are affordable, practicable and sustainable, based on each country's specific circumstances. Guided by the shared goal of universal social security, countries have the potential to gradually develop coverage-extension pathways that reflect their own characteristics, while taking into account the constraints of their institutional foundations, fiscal capacities and governance conditions.

► 6. Conclusion

Expanding social security coverage in the informal economy is a shared issue and a major challenge in social protection reform across developing countries. Based on the comparative analysis of China, Kenya and the Lao People's Democratic Republic, this report offers the following main conclusions and insights.

- 1. Institutional design shapes the pattern of coverage.** China's experience shows that an inclusive and well-layered social security system is a prerequisite for broad coverage. By establishing a flexible dual-track structure and complementing it with fiscal subsidies, China has been able to provide institutional coverage for people in different forms of employment. Kenya and the Lao People's Democratic Republic should optimize their own institutional frameworks in light of national realities and provide more accessible channels for informal workers to enter social protection systems.
- 2. Economic development and coverage expansion are mutually reinforcing.** Higher income levels and stronger fiscal capacity made it possible for China to achieve broad social security coverage, while universal protection, in turn, supported economic development by enhancing social stability and the quality of human capital. Similarly, Kenya and the Lao People's Democratic Republic will need sustained economic growth to provide the resources necessary for broader coverage. At the same time, expanding social protection should itself be seen as an investment in poverty reduction and human capital that can feed back positively into development. The two countries should therefore integrate coverage expansion into their development strategies and seek a virtuous circle between economic development and social protection through coordinated policies.
- 3. Political commitment and governance capacity are crucial.** China's strong commitment to expanding coverage and its high implementation capacity ensured that policies were effectively carried out. By contrast, Kenya and the Lao People's Democratic Republic still face gaps in implementation, including leakages in coverage and uneven execution. This means that policy blueprints alone are not enough. What matters are bringing coverage expansion firmly into the governance agenda, strengthening accountability across levels of government and improving the professional capacity of social security institutions. International cooperation can help in this regard, but domestic ownership remains decisive.
- 4. There is no single model for expanding social security coverage.** Given differences in fiscal capacity, labour-market structures, administrative capacity and digital infrastructure, the experience of any one country should be treated as a source of policy reference rather than a readymade template for direct transplantation. A more feasible path is usually to draw on external experience while adapting policy design to domestic conditions, improving the system gradually through pilot programmes and expanding implementation steadily once the necessary conditions are in place. For developing countries that have not yet achieved universal coverage, the priority is not to pursue a one-step solution, but to set clear stage-specific goals and advance coverage expansion through continuous adjustment.

Looking ahead, the expansion of social security coverage in the informal economy is likely to become more achievable as technological progress advances, regional cooperation deepens and global attention to social protection continues to increase. Digital technologies can help reduce the cost of extending coverage, improve administrative efficiency, and enhance service accessibility. At the same time, South-South cooperation and international assistance can provide lower-income countries with both policy experience and financial and technical support. When more workers – regardless of their employment status or type of work – are guaranteed income security in old age, access to health protection, compensation in the event of employment injury and support during periods of unemployment, countries will be better able to unlock human capital potential, strengthen social cohesion and enhance resilience to a wide range of risks and shocks. Extending social security coverage to workers in the informal economy is not beyond reach. What it requires is not only policy vision and practical wisdom, but, above all, firm political commitment and sustained implementation.

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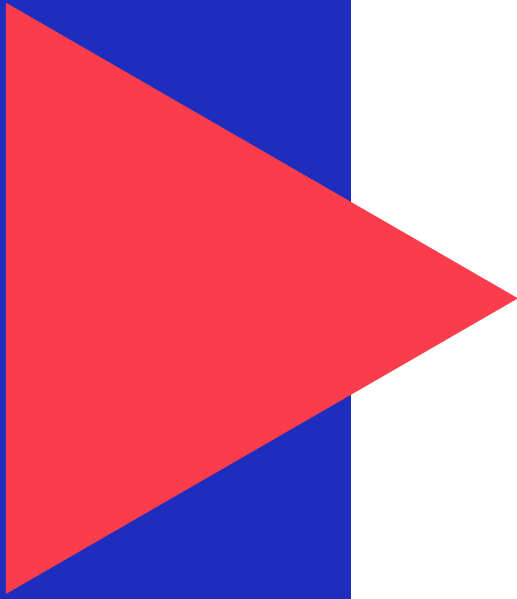
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