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Social protection in ASEAN:

Employer perspectives and recommendations

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We would like to thank the national employers' organizations in the region — particularly the Cambodian Federation of Employers and Business Associations (CAMFEBA), the Indonesian Employers' Association (APINDO), the Malaysian Employers' Federation (MEF), and the Singapore National Employers' Federation (SNEF) — for facilitating the fieldwork in the four countries, and for providing valuable information on the consolidated employers' stance on social protection and social security programmes and reforms in their respective countries and its influence on the economic interests of businesses.

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Preface

The last 20 years has seen substantial increases in both the number of welfare states and the discourse on social protection policy. It was the financial crisis of 2007–2008, however, that brought social policy and the capacity of welfare systems to provide social protection to the front of the stage. During the crisis, social protection policies played a crucial role in cushioning both the workforce and businesses against the impacts of the downturn. At the same time, doubts arose concerning the fiscal sustainability of such programmes, their acceptance by the private sector, and their tendency to encourage dependency. The countries in the ASEAN region have grown rapidly over the last decade, but, as growth plateaus, there is more emphasis on both sustaining the gains and making them more inclusive.

As the ASEAN region comes of age and advance with its socio-economic integration process, however, social protection will become an important tool in this part of the world for ensuring sustainable and inclusive growth and, as part of this, for further fulfilling the mandate to eradicate poverty. This has been reaffirmed by the adoption by the ASEAN leaders, in October 2013, of the ASEAN Declaration on Strengthening Social Protection. In line with this commitment to build a socially responsible and people-oriented ASEAN community, the private sector will be expected to play a greater role in strengthening the social protection system, and bear the responsibility for directly or indirectly funding the social protection schemes. At the same time, as the workforce matures and as demand for its skills rises, social protection will become an important tool in creating an enabling environment to sustain enterprise growth. The private sector can also serve as an important resource for government implementation and monitoring of social protection policies and the leveraging of public-private partnerships (PPPs) as highlighted in the 2030 agenda for Sustainable Development.

Private sector participation in social protection systems is expected to increase, and it becomes essential to review employers' perspectives on social protection policies in the ASEAN region. This report analyzes the social protection system from the perspective of employers in the four ASEAN countries of Cambodia, Indonesia, Malaysia, and Singapore. It provides a comprehensive overview of social protection policies relevant to employers in their respective countries, their views on these policies, including areas perceived as needing improvement and overall recommendations for strengthening social protection systems in both their respective countries and across the ASEAN region as a whole. This report is expected to serve as an important tool for employers, employees, and administration alike for understanding the social protection systems in their countries countries. It will be effectively useful in benchmarking them against those of similar countries in the region, and for analyzing the key issues faced by the private sector in this context, as well as the role of the Government in ensuring a social protection system acceptable to all sections of society. It can also be used to shape a regional employer strategy for the implementation of the ASEAN Declaration on Social Protection.

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Executive summary

Social protection policies can play a crucial role in promoting more inclusive growth, one that builds social cohesion and reduces poverty. The adoption of the ASEAN Declaration on Strengthening Social Protection by the ten ASEAN leaders on 9 October 2013 reaffirmed the commitment to build a socially responsible and people-oriented ASEAN community. In line with this commitment, social protection policies are becoming increasingly important for businesses to stay competitive and sustain growth, undergo structural reforms, and promote greater labour mobility. This report focuses on the business case for social protection, and summarizes employers' views on social protection policies with reference to four countries: Cambodia and Indonesia, which are in the process of developing their social protection systems; and Malaysia and Singapore, which have already established relatively advanced social protection systems. This report (1) provides a broad overview of recent developments in social protection policies in the selected countries; (2) presents ASEAN employers' perspectives on social protection policies; (3) examines policy development processes in the selected countries, identifying gaps in these processes; and (4) presents employers' suggestions for strengthening and further developing social protection systems both nationally and across the ASEAN region.

Overall, the report finds that employers' across the four countries recognize the importance of social protection for their business mandates. They are keen to engage in effective national and regional discourse promoting the development of social protection systems in their respective countries, but want to ensure these systems also incentivize private sector growth. The employers' emphasize that economic growth and an enabling environment for businesses represent essential pre-requisites for effective social protection policies. They believe that social protection policies should include provisions for the private sector, including measures to improve competitiveness and productivity, thereby compensating businesses for concomitant cost increases.

The report also finds marked differences in social protection policies across the four countries. In Cambodia and Indonesia, such policies are characterized by both their broad coverage and relatively poor cohesiveness, at the same time their fiscal sustainability remains debatable. Social protection policies in these countries focus more on social insurance and assistance than on labour market policies. One main employer concern in these countries is the lack of coordination among the agencies and ministries responsible for \social protection policies. This leads to increased costs for businesses, with limited provisions to offset the additional burden. On the other hand, the social protection policies in Malaysia and Singapore are better coordinated, and have a greater focus on labour market policies that increase workforce competitiveness.

The main concern of employers across the board was governance and administrative capacity. They are of the view that the private sector and employers should be involved in formulating policy from the outset, rather than merely being invited to join consultations before the finalization stage. They also believe that governments should clearly articulate the rationale behind social protection policies, and refrain from populist politics. Reducing corruption and unnecessary bureaucratic procedures are essential prerequisites for greater acceptance of social protection policies.

If regional initiatives are to have any concrete impact, according to the employers, it is essential to provide more information regarding ASEAN-level social protection initiatives.

Acronyms

ABND	Assessment Based National Dialogues
ACE	Action Community for Entrepreneurship
ACE	ASEAN Confederation of Employers
ACT/EMP	Bureau for Employers' Activities
ALMP	Active Labour Market Programme
APINDO	Indonesian Employers' Association
ASEAN	Association of Southeast Asian Nations
BAPPENAS	Badan Perencanaan Pembangunan Nasional, i.e. the Ministry of National Development Planning
BPJS I	BPJS Kesehatan/Health
BPJS II	BPJS Ketenagakerjaan/Manpower
CAMFEBA	Cambodian Federation of Employers and Business Associations
CBHI	community-based health insurance
CPF	Central Provident Fund
DFID	Department for International Development
EO	employers' organization
EPF	Employees Provident Fund
ETS	Enterprises Training Support
GIZ	German Agency for International Cooperation
HR	human resources
HRTF	Human Resource Training Fund
IDR	Indonesian rupee (currency)
ILO	International Labour Organization
JAMSOSTEK	Indonesia's social insurance fund for private sector employees providing employment injury, death, health insurance and an old-age provident fund. JAMSOSTEK has been absorbed into BPJS since the enactment of the Law on Social Security Providers (Law No. 24/2011) in Indonesia.
MACC	Malaysian Anti-Corruption Commission
MCYS	Ministry of Community Youth and Sport
MEF	Malaysian Employers' Federation
M&E	monitoring and evaluation

MFI	microfinance institution
MHC	maternal and child health
MHI	medical and health insurance
MOLVT	Ministry of Labour and Vocational Training
MOM	Ministry of Manpower
MSMEs	micro, small and medium-sized enterprises
MTI	Ministry of Trade and Industry
NGO	non-governmental organization
NSDP	National Strategic Development Plan
NSPS	National Social Protection Strategy
NSPS-PV	National Social Protection Strategy for the Poor and Vulnerable
NSSF	National Social Security Fund
NSSF-C	National Social Security Fund for Civil Servants
ODI	Overseas Development Institute
PLWHA	people living with HIV/AIDS
PPP	public-private partnership
PWDs	people with disabilities
SDL	Skills Development Levy
SNEF	Singapore National Employers' Federation
SOCSO	Social Security Organization of Malaysia
SP	Seguro Popular
SPF	social protection floor
RM	Malaysian ringgit (currency)
TVET	technical, vocational, and educational training
UNRISD	United Nations Research Institute for Social Development
WDA	Workforce Development Agency
WFP	World Food Programme
WIC	work injury compensation

Introduction

Social protection serves what has become a widely recognized role in promoting inclusive development that addresses issues of poverty and inequality. With the 1997–1998 and 2007–2008 financial crises, and given the Sustainable Development Goals for the post-2015 agenda, social protection has moved to the front of the international stage, and will likely recur as a prominent theme in the development agenda for decades to come. In response to these challenges, ILO adopted Social Protection Floors Recommendation, 2012 (No. 202), which provides guidance to member States in building comprehensive social protection systems that cover the unprotected, the poor, and the most vulnerable sections of society, including informal economy workers and their families.

Social protection, as defined by ILO, refers to
... all measures providing benefits, whether in cash or in kind, to secure protection, inter alia, from (1) lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member; (2) lack of access or unaffordable access to health care; (3) insufficient family support, particularly for children and adult dependents; (4) general poverty and social exclusion. (ILO, 2011)

Within this broad definition, there appear three common classifications of social protection instruments: [1]

- social assistance, typically cash or in-kind social transfers, subsidies, or fee waivers targeting low-income or vulnerable groups and funded out of general taxation or other (non-contributory) sources;
- social insurance, typically contributory or subsidized insurance (sometimes statutory) providing for certain life contingencies, including old age and loss of employment, and funded by employer or employee contributions (contributory schemes); and
- labour market programmes,[2] typically including financial support, services, and legislation concerned with improving employment opportunities and working standards.

On the basis of this classification, the ILO introduced Recommendation No. 202, which states that social protection floors (SPFs) should provide, at a minimum, the following basic social security guarantees:

1:
Nicholas Mathers; Rachel Slater: "Social protection and growth: Research synthesis" (ODI Publication, April 2014).

2:
ILO's definition of social protection does not directly refer to Active Labour Market Programmes (ALMPs), though several ILO instruments — e.g. Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), Articles 3, 7; and Social Security (Minimum Standards) Convention, 1952 (No. 102) — refer to active labour market policies as important instruments for ensuring social protection. In addition, other UN agencies such as the United Nations Research Institute for Social Development (UNRISD) and international development agencies such as the Department for International Development (DFID) and the Overseas Development Institute (ODI) also mention ALMPs as one the three components of social protection policies.

- access to a nationally defined set of goods and services, comprising essential healthcare including maternity care, that meets the criteria of availability, accessibility, acceptability, and quality;
- basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care, and any other necessary goods and services;
- basic income security, at least at a nationally defined minimum level, for people at an active age who are unable to earn sufficient income, especially in cases of sickness, unemployment, maternity, and disability; and
- basic income security, at least at a nationally defined minimum level, for older persons.

National laws should establish these basic guarantees, eligibility, and levels of benefit. On 9 October 2013, the ten ASEAN leaders adopted the Declaration on Strengthening Social Protection, and reaffirmed their commitment to building a socially responsible and people-oriented ASEAN community by 2015, notably by fostering SPFs in the region. The Declaration noted ILO Recommendation No. 202,[3] and is closely aligned with some of its guiding principles.

A number of ASEAN governments have started designing and reforming their social security systems and employment services, among other things extending social insurance branches and non-contributory schemes. Thailand, for example, has embarked on a universal health care scheme.[4] Cambodia, through the National Social Protection Strategy (NSPS), is also taking a phased approach to promoting SPF and the two-dimensional extension strategy.[5] Other common measures being introduced around the ASEAN region include working injury insurance; public pension systems; social health insurance; and public works programmes for people in rural areas.

Against this background, this report focuses on social protection facets directly relevant to employers, i.e. contributory schemes and labour market programmes, encompassing different features of the ILO social protection framework. This report focuses on consolidating employers' views and policy positions on social protection at the national and regional levels, and identifies the role that employers' organizations (EOs) can play in regional and national discourse regarding social protection policies.

This report selected four ASEAN countries for more in-depth country analyses. Cambodia and Indonesia were chosen because they are undergoing reforms in their social security

3:
See Annex 1.

4: International Labour Organization (ILO): "Unemployment protection in ASEAN: Increasing income security and capabilities of all workers" (ILO Regional Office for Asia and the Pacific [ROAP], no date.

5:
ILO: "National social protection floors in Asia and the Pacific" ILO fact sheet. (ILO ROAP, no date).

or social protection scenes. Malaysia and Singapore, on the other hand, are currently at more advanced stages of economic development and, more importantly, ILO Assessment Based National Dialogues on Social Protection (ABND)[6] had yet to be conducted in Malaysia and Singapore. This report thus presents an opportunity to determine, at the least, employers' perspectives on the issue of social security in those countries.

Employers' views with regard to social protection policies are important, since employers will probably, either directly or indirectly through taxes and social security contributions, prove to be major funders for social protection and social security programmes. They are also key stakeholders who can play crucial roles in developing labour market strategies and other social protection policies; for one thing, their business mandates will also be affected by such policies. Additionally, employers can prove a valuable resource for governments in their bids to strengthen existing social protection systems through consultations, support for implementation, and monitoring and evaluation (M&E). Given these factors, taking employers' views into consideration becomes essential.

Contributory social protection schemes and labour market policies can have a significant impact on employers' businesses. These schemes play an important role in preventing the loss of productive capital and in accumulating productive assets, in part because they can also be important instruments for attracting and retaining millennials,[7] a vital issue faced by employers across the ASEAN region. Labour market policies play an important role in determining the quality of the workforce and the extent to which these workers satisfy current employer demand. Thus employers have good reasons to be interested in social protection policies.

This report is compiled on the basis of both desk and field research. The desk research collected information about current debates and recent developments regarding social protection policies. The fieldwork involved interviews with EO representatives in the selected countries. The national EOs in these four countries — the Cambodian Federation of Employers and Business Associations (CAMFEBA) in Cambodia, the Indonesian Employers' Association (APINDO) in Indonesia, the Malaysian Employers' Federation (MEF) in Malaysia, and the Singapore National Employers' Federation (SNEF) in Singapore — supported the fieldwork by helping to schedule interviews, while interviews with their representatives[8] supplied employer perspectives on their respective countries' social protection and social security reforms, as well as recommendations for improvement. The report also highlights the relevance of each country's prevailing strategies to the UN Social Protection Floor (SPF) concept and ILO Recommendation

6:
Assessment Based National Dialogues on Social Protection are a tool used by UN organizations such as ILO to identify priority areas for government interventions in the field of social protection and to estimate the cost of such interventions. They provide opportunities for all stakeholders in a country to come together to discuss existing social security situations, including current coverage gaps, and to formulate priority policy options.

7:
Millennials are often defined as those people born between the early 1980s and the 2000s or, alternatively, as those who came of age around the turn of the century. These people will shape the world of work for the future. By 2020, millennials will comprise 50 per cent of the global workforce, and by 2025 millennials will form 75 per cent of the workplace according to studies by PwC and Deloitte.By 2020 Asia will have 60 per cent of the world's millennial population, so they are the future of Asia's workforce.[C. Barrow, 7 powerful ways to engage and retain millennial talent in Asia, The Oxford Group, May 2015.

8:
See the Annex for the list of people interviewed and a sample questionnaire.

No. 202. It also incorporates comments from employers' representatives at the ASEAN Tripartite Seminar on Strengthening Social Protection, organized by ILO and the ASEAN Secretariat, 17–18 November 2014, Bangkok, Thailand.

Chapter 1 focuses on employer analysis of existing social security systems and practices in Cambodia, Indonesia, Malaysia, and Singapore, presenting their perspectives on various social protection and social security programmes and reforms. Chapter 2 assesses the rigour of current policy development and consultative processes in these four ASEAN countries from the perspective of employers. Chapter 3 concludes the report with overall employer positions and recommendations related to recent social protection policy/ legislative initiatives and reforms at both national and regional levels.

9:
Comments from employers' representatives at the ASEAN Tripartite Seminar on Strengthening Social Protection, organized by the ILO and the ASEAN Secretariat (17–18 November 2014 in Bangkok, Thailand) are also incorporated in the report. Inputs from this analytical report provided a basis for ASEAN Confederation of Employers (ACE) Recommendations for the Plan of Action to Implement the ASEAN Declaration on Strengthening Social Protection.

Chapter 01

Employer assessments of prevailing social protection and social security systems and their recent reforms

Chapter 01

Cambodia

The concept of social protection is deeply embedded in Cambodia's Constitution. The Constitution (1) recognizes the right of the citizens to obtain social security and benefits determined by law; (2) highlights the importance of the health of the society in general; and (3) provides access for the poor and vulnerable to free healthcare facilities. Further development of social protection strategy remains a government priority, as stated in the Rectangular Strategy; the National Strategic Development Plan (NSDP); and the National Social Protection Strategy for the Poor and Vulnerable (NSPS-PV) adopted in 2011.

Social insurance in Cambodia

- **Employment injury**

The National Social Security Fund (NSSF), established in 2007, provides employment injury insurance to private sector employees. NSSF employment injury insurance covers accidents both during working hours and while travelling to and from work. In 2013, a CAMFEBA survey found that 98 per cent of CAMFEBA's members were contributing 0.8 per cent of their employees' salaries to the NSSF, up to a maximum of US$2 per month per employee. The compliance rate among non-members was low, with 62 per cent of non-members making no contributions to the NSSF. Additionally, employment insurance was limited to companies with eight or more employees, thus excluding micro and smaller enterprises.

Interviews with companies in Cambodia indicated that, even before NSSF's establishment, many employers were extending employment injury insurance to their employees, providing round-the-clock coverage by engaging with private insurance firms. Large companies such as the RMA Group were generous with their insurance schemes, providing as much as $5,000 for accidents and $10,000 for fatalities.

Given that NSSF only covered injuries/accidents during working hours and while travelling to and from work, some employers, beyond their NSSF contributions, continued to provide private insurance to their employees. Employers have suggested that NSSF should consider offering additional insurance products on a voluntary basis to employers who can afford to provide 24-hour protection for accidents. This would allow them to reduce the additional costs while making it easier for workers to get the necessary support.

• Health insurance

In April 2014, NSSF launched an initiative to provide health insurance to the national workforce. This was the second phase of NSSF's plan to raise social welfare standards through compulsory health insurance, which would hypothetically see staff covered by the fund, without limit, for all ailments that prevent them from performing their duties at work. NSSF is also considering medical care, sickness benefits, and maternity benefits for family members and dependents. The scheme remains at the proposal stage, but the total contribution by employers and workers is expected to be 2–3 per cent of the basic salary; exact figures and relative shares have yet to be confirmed. Large employers in the country have already established health insurance plans, with companies such as the RMA Group providing medical allowances equivalent to one month's salary, with a floor of $300.

Employers supported the idea of a national health insurance scheme, but believed that the NSSF initiative was premature; they wanted to monitor decisions regarding the rates to ensure that the scheme would be realistic and affordable. They were also wary about whether implementation plans were supported by adequate research. Some employers were concerned, furthermore, that requiring workers to contribute might have immediate repercussions on the national industrial relations environment, supposing some stakeholders might not properly appreciate the need for employers and workers to share the responsibility for covering health insurance.

• Pension

Government employees and veterans are eligible for government-run pension schemes. NSSF provides sickness, work, injury, maternity, old age, invalidity, and survivor benefits for civil servants and their dependants. Article 7 of the NSSF outlines a pension scheme for private sector workers who are 55 years of age and are entitled to old-age pension if they (1) have been registered in the National Social Security Fund (NSSF) for at least 20 years, and (2) have paid in contributions to social security schemes for at least 60 months over a 10-year period. Workers who are 55 years of age but have not satisfied the above conditions are entitled to an old-age allowance paid as a lump sum. These provisions, however, have yet to be implemented.

Recently a new pension scheme for the private sector has been launched, with the legislative

10:
C. Tech: The Kingdom of Cambodia: Updating and improving the social protection index (Asian Development Bank, 2012).

framework and contribution and compensation details still being established. Large companies maintain their own voluntary pension schemes, typically linked to independent pension funds placed with banks. Currently, most of the old-age population benefits from no income security whatsoever, making the aged extremely vulnerable to poverty.

Labour market policies

Cambodia's main labour market programmes include the Vocational Training Programme, the Skills Training Programme, and the Food for Assets Programme. The three ministries working to generate potential employment and opportunities for the poor in Cambodia are the Ministry of Labour and Vocational Training; the Ministry of Social Affairs, Veterans and Youth Rehabilitation; and the Ministry of Women's Affairs.

Most vocational training programmes come under the jurisdiction of the Department of Technical, Vocational and Educational Training (TVET) and the Ministry of Labour and Vocational Training (MOLVT). In 2014, 40 training centres across the country were providing both short-term courses of one to four months and longer-term courses lasting up to two years that provided an "associate degree" upon completion. Part of the National Employment Policy, these programmes are designed to meet expanding labour market needs. The skills training programme is run by the Ministry of Women's Affairs, and provides training for orphans, widows, and poor female heads of household. Skills training areas include make-up, sewing, handicrafts, and services. The Food for Assets programme is a social assistance employment guarantee programme run in collaboration with the World Food Programme as a response to natural disasters.

Relative labour force participation rates among men and women have been compared to their participation in training programmes in Cambodia.[10] The study found that, although 86 per cent of men participated in the labour force, only 25 per cent participated in training activities. Women, on the other hand, with a labour force participation rate of 14 per cent, constituted 75 per cent of training programme beneficiaries. This indicates that (1) much of the workforce did not access the training programmes, and (2) training programmes mostly targeted marginalized sectors of society. This may suggest that male members of the workforce found such programmes irrelevant, or that the perceived quality of the training did not justify the additional cost and time. Given that employers have reported a national skills shortage, and given a persistent issue of available skills being mismatched with available jobs, these programmes require regular updating and upgrading, as well as some mechanism to help place the trained workers.

Social protection for the informal economy

Existing legislation provides social security only for the private sector; workers in the informal economy remain uncovered. NSPS proposes that partially subsidized social protection schemes may be developed for informal economy workers and their families, who themselves have a limited capacity to contribute. It remains unclear how this will be accomplished, however.

Governance, administration, and fiscal sustainability

NSSF governance and administration of social security are reportedly improving. Some of those interviewed mentioned, for example, that claims made to the NSSF are processed relatively efficiently. NSSF maintains a 24-hour hotline, and its staff are stationed in NSSF hospitals to handle patients who arrive with NSSF identification cards, prepared to address their questions on the spot. The associated M&E system is weak, however, and in the absence of credible data it is difficult to model the impact on employer costs.

Beyond NSSF, Cambodia's social protection schemes on the healthcare and education fronts are mostly provided in collaboration with donors and NGOs, and interventions have been scattered across ministries, with individual ministries and NGOs following their own mandates and policy framework regarding social protection. For example, social assistance programmes for health such as the People Living with HIV/AIDS (PLWHA) programme and Maternal and Child Health (MHC) programmes were established or supported by the World Food Programme (WFP).[11]

Once successfully administered, in any case, NSPS will lead to better coordination between ministries,[12] since most NSPS programmes are by nature inter-sectorial and require coordination across ministries and other government agencies.

In addition, supply needs to be more surely linked to demand. The poor have had limited access to quality healthcare due to the general inaccessibility and limited operational hours of health facilities; high transportation costs; and lack of qualified health staff, equipment, and medicine in remote areas.

11:
Ibid. The World Food Programme (WFP), for example, established or supported such social assistance programmes for health as the People Living with HIV/AIDS (PLWHA) programme and Maternal and Child Health (MHC) programmes.

12:
Ibid.

Most interviewees believed that NSSF was financially sustainable, since benefits were available only to contributors.

Until recently, the focus of the country's existing social protection schemes seems on the whole to reflect immediate priorities such as the need to respond to food crises, financial crises, or natural disasters, rather than a shared long-term social protection intervention. NSPS thus presents a welcome attempt to establish a long-term plan, though any strategies will remain bound by national institutional and capacity constraints in addition to the financial constraints. Further development of social protection policies should be progressive and integrated with other policy changes, including minimum wage changes and measures to spur private sector growth.

CAMFEBA's role

CAMFEBA has assisted with the development of the national social security system, and remains committed to contributing to its further development. CAMFEBA represents the employers on the tripartite NSSF board. Through its websites and newsletters, it also keeps its members current regarding changes in the social protection system; with major changes, it also conducts briefings.

At the same time, CAMFEBA representatives have emphasized the importance of a thriving private sector and an enabling business environment as essential pre-conditions for the success of such social security schemes. They have also focused on the need to include concessions for employers to compensate for increased costs. They have also promoted integrated policies where, for example, if minimum wages are being readjusted, concomitant rises in employers' social insurance contributions inflate their cost and inhibit profitable operations. Staggered implementation and meeting employers' needs, including both access to financing and a skilled workforce, would allow employers to adjust their costs and comply with the new regulations without compromising their business mandate.

Access to microfinance

Microfinance plays an important role in providing social protection for the vulnerable. It enables them to access finance and create productive assets, providing them with sustainable means of breaking out of the vicious circle of poverty. In Cambodia, microfinance is mainly used to help farmers in rural areas. The loans can be used for multiple purposes, ranging from improving farm productivity to helping families in rural areas tide through difficult periods. Accessing loans from informal lenders, clients pay interest rates of 5.0–10 per cent per month. When they use microfinance, on the other hand, the interest runs at 1.5–2.0 per cent. Thus the microfinance sector presents an important source of affordable funding for Cambodians. (Most microfinance schemes, however, are funded by external agencies, and are reliant on donors.) Expanding the microfinance sector will help to further extend social protection to the informal sectors of the economy. Such efforts should be accompanied, however, with policies to educate borrowers to prevent rampant defaults. Since the microfinance institutions (MFIs) do not rely on government funding, they reduce the Government's fiscal burden in financing social protection schemes. Recent studies indicate, however, that government regulation of MFIs plays a major role in determining how effectively it can extend its outreach in providing social protection.

Source: T. Arun and V. Murinde: "Microfinance regulation and social protection". Paper prepared for the conference on "Experiences and lessons from social protection programmes across the developing world: What role for the EU?", organized by the European Report on Development (Paris, 17–18 June 2010). Available at: http://erd.eui.eu/media/BackgroundPapers/Arun-Murinde.pdf [assessed 2 December 2015].

Chapter 01

Indonesia

The right to social security for all and the responsibility of the state for the development of social security are enshrined in the Indonesian Constitution. Indonesia has a large social protection system, one that focuses on both “social assistance”, or non-contributory schemes, and “social insurance”, or contributory schemes. The existing system is undergoing massive reform, with the social security structure being overhauled and consolidated. Previously, national social security schemes were managed, in the light of their target populations, by four state-owned, limited liability companies. The reform and consolidation process has instead produced two public social security providers: BPJS Kesehatan/Health (BPJS I) for health coverage, and BPJS Ketenagakerjaan/Manpower (BPJS II) for accidents at work, old-age insurance, retirement, and death benefits. The Government is also committed to increasing the depth and the breadth of coverage of these schemes in the coming decade.

Social insurance in Indonesia

- **Employment injury**

Prior to reform, employment injury came under the Jamsostek portfolio, which addressed the social protection requirements of private sector employees.[13] Post-reform, however, employment injury comes under the BPJS Ketenagakerjaan (BPJS II) portfolio, which became operational 1 July 2015 and includes all the non-health social protection schemes. The new scheme covers all employees and expatriates who have been working in Indonesia for more than six months. Employers' contributions vary according to the working conditions, ranging from 0.24 per cent of the monthly wage for very low-risk working conditions to 1.74 per cent of the monthly wage for very high-risk conditions. In case of temporary disability, the workers are eligible for 100 per cent of the insured wage[14] for the first six months, 75 per cent for the next six months, and 50 per cent until rehabilitation. With permanent disability, the workers are eligible for 70 per cent of insured wages for a total of 80 months.

- **Health**

Under the previous system, Jamsostek administered a social insurance fund to which employers' could contribute to provide, among other things, health, old-age, and injury insurance. Employers' contributions were not mandatory, however. Many instead

13: Indonesia's social insurance fund for private sector employees, providing employment injury, death, health insurance, and old age provident fund. Jamsostek has been absorbed into BPJS since Indonesia's enactment of the Law on Social Security Providers (Law No. 24/2011).

14: Insured wage is defined as the wage in that month preceding the accident.

developed their own health systems, either establishing their own clinics and dispensaries for workers, or providing them with private health insurance, or both. Following the transformation of the national social protection system, however, health issues came under the purview of BPJS Kesehatan (BPJS I). Now it is mandatory for employers to register under this scheme, regardless of their engagement with private health insurance companies or medical facilities. Employees contribute 0.5 per cent of their salaries to the scheme; employers' contribute about 5 per cent.

An opt-out scheme is available for companies that have established their own clinics and other medical facilities, but, to qualify, employers have to demonstrate that their own plans measure up to BPJS Kesehatan standards. The deadline for registering under the scheme was 1 January 2015. But APINDO convinced the Government to put the deadline forward to 30 June 2015, thereby allowing employers to plan financially for the scheme and not increase allocations to private insurance schemes, upgrading their own medical facilities to ensure that they met the criteria for opting out of the scheme.
Pension. Prior to the transformation, Jamsostek had a state pension fund, but employer contributions to the pension fund were not compulsory. Since the transformation, BPJS II includes pension together with other non-health aspects of social security, for example injury insurance, old age savings, and death benefits. BPJS II is now a state government agency, and has the powers to scrutinize firms and charge penalties. The scheme was rolled out 1 July 2015. Employers are expected to contribute 2 per cent of an employee's salary to the fund, while employees contribute 1 per cent of their monthly salaries. APINDO consulted with the Government to determine appropriate employer contribution rates, and, although it is much higher than the proposed rate of 1.5 per cent, given the weak economic situation, APINDO officials believe most employers find the rate tolerable, and are able to maintain growth even amid pressure from the economic downturn.[15]

15: Agus Maryono and Khoirul Amin: "Pension contribution rate acceptable, says Apindo". The Jakarta Post (1 July 2015). Available at: http://www.the1.com/news/2015/07/01/pension-contribution-rate-acceptable-says-apindo.html.

Labour market policies

Indonesia's labour market policies are not well integrated with its social protection system.

Some of the companies interviewed conducted their own employee training sessions. One of them, Astra, maintains a centre where it trains suppliers from various industries in generic topics such as productivity and green production. Limited public-private partnerships (PPPs) are available for workforce training and skills development, but

16:
German Agency for International Cooperation (GIZ): “Expansion of social health protection for informal workers in Indonesia – Main challenges and recommendations”. Policy brief. (2013) Available at: https://www.giz.de/en/downloads/giz2013-en-policy-brief-health-protection.pdf.

even where these exist, they are little more than pro forma. Some facilities promote employability and “return to work”, but these are ineffectively used. Interviewees also indicated that the APINDO Economy Roadmap places insufficient focus on labour market policies, and proposed that existing government centres could be serve in developing training facilities. Interviewees also indicated that the existing training centres did not maintain updated databases of trained individuals and their qualifications, and, even if they were to try this, they were uncentralized and ineffectively managed. This made it harder for companies to fill job vacancies. Even representatives from large companies such as Samsung reported that they found it difficult to fill vacant posts, and that the labour market strategies were poorly developed on both the demand and supply sides.

Social protection for the informal economy

BPJS I, the new health system, is expected to extend its coverage to the informal economy. Informal economy workers can enroll in the health insurance programme by paying a nominal monthly contribution. This will encourage greater formalization of labour. However, the Government has yet to design a system to collect contributions from informal sector workers for this scheme. Collecting contributions from informal economy workers can be challenging, and can hamper progress towards universal health coverage.

When designing contributory schemes, equity concerns also have to be factored in. Informal worker incomes, for example, are often near the cutoff point for contribution assistance, and a slight increase of per capita household expenditure would require them to pay the full contribution. According to a German Agency for International Cooperation (GIZ) report, however, paying contributions from government sources for all informal workers could encourage informalization and undermine the contribution-based system for formal workers in the long run.[16]

That study, pioneered by BAPPENAS, the National Development Planning Agency (Badan Perencanaan Pembangunan Nasional), also noted that 25 per cent of informal workers had never heard of any social protection schemes; 38 per cent did not know how to enroll in such schemes; and even among those enrolled in social protection schemes, most had significant knowledge gaps regarding the benefits to which they were entitled. Thus, BPJS Kesehatan should devote additional social marketing efforts to communicating the expansion strategy. Numerous other challenges need to be addressed, including payment modalities, to ensure that this programme is successfully extended to the informal sector in an economically viable manner. Fiscal incentives need to be developed, furthermore, to encourage informal micro, small and medium-sized enterprises (MSMEs) to enroll in such schemes.

Governance, administration, and fiscal sustainability

Employers expected that BPJS Kesehatan (BPJS I) would prove financially sustainable, based as it was on contributory payments from both employers and employees in the formal sector, as well as on nominal contributions from informal sector workers. Its putative financial sustainability was also attributed to the integrated strategy adopted by the scheme, which included procurement of generic drugs; improving health centre capacities at the municipal level to supplement government hospitals; and improving finances. Early estimates have revealed, however, that performance has fallen short of expectations. A study by the public health department of the University of Indonesia indicates that government expenditure on the health insurance programme has surged by $3 billion, leading to a wide deficit between premiums received and payouts due. In 2014, the first year of implementation, the deficit was 1.54 trillion Indonesian rupees (IDR), or about US$10.58 million,[17] and this is expected to grow to $12.5 billion if the Government continues with the current payment scheme.[18]

Interviewees also indicated a number of institutional capacity concerns regarding BPJS I. These included lack of government commitment to financial support; lack of health institutions cooperating with BPJS I; lack of a mechanism to coordinate benefits between BPJS I and private insurance schemes, of which many employees may already be members; and lack of human resources to support the needs of the large number of registrars. Employers' biggest concern was coordination of benefits; to avoid double payments on their part.

BPJS II's fiscal sustainability is clouded with doubt, and the Government needs to develop innovative sources of financing for the scheme.[19] Options include both increasing the tax base and reducing avoidance/evasion of taxes. Given the country's large informal economy (almost 65 per cent of the entire economy), BPJS II may find it difficult to cover all costs of the scheme, and employers were concerned that they would have to bear the additional burden of the shortfall, further inflating their costs.

17:
According to oanda.com currency exchange rates on 6 October 2015.

18:
The study by the public health department of the University of Indonesia is referenced in http://www.thejakartapost.com/news/2015/08/13/govt-urged-innovate-finance-bpjs.html.

19:
See https://www.imf.org/external/pubs/ft/scr/2015/cr1575.pdf.

APINDO's role

In Indonesia, APINDO promotes better understanding of the new national social security system among its members. It represents employers in tripartite consultations, and organizes conventions and CEO forums to bring companies together with government and union leaders. APINDO has conducted research through its training centre, focus groups, and policy briefings, and, as illustrated above, has submitted related recommendations to the Government. APINDO is also strengthening employer representation on the National Social Security Council, facilitating information flow by ensuring close communications between its members and APIN.

Malaysia

Social protection regulations have been in force in Malaysia since the 1950s. The social protection system, better known in Malaysia as the "social security system", is relatively well developed, applying a number of social assistance programmes to the support of vulnerable groups, social insurance programmes, and strategies to improve skills among the labour force. These social insurance programmes are relatively well funded, and both private and public sector employees are covered, receiving generous financial support and healthcare. At the same time, however, the system's viability may be threatened by such issues as transparency, corruption, and excessive bureaucracy.

Social insurance in Malaysia

• **Employment injury.**

Employment injury in Malaysia is covered by the Social Security Organization (SOCSO), established in 1971 to implement and administer social security schemes under the Employees' Social Security Act 1969. SOCSO administers two types of scheme: (1) employment injury insurance, which provides protection for accidents while travelling, arising out of and in the course of employment and occupational diseases; and (2) the Invalidity Pension Scheme, which provides protection against invalidity or death due to any cause unconnected with employment. Benefits include medical benefits, temporary and permanent disablement benefit, and constant attendance allowance. SOCSO also implements a Return to Work Programme for victims of occupational injury. Employers are responsible for ensuring that their employees are registered with SOCSO. Coverage under SOCSO is optional for workers who begin employment with a salary of more than 3,000 Malaysian ringgit (RM), or about US$713.[20] Employers contribute 1.75 per cent of the employee's monthly wage for both schemes (1.25 per cent for employment injury and 0.5 per cent for invalidity), while employees contribute 0.5 per cent in total for both these schemes.

• **Health insurance.**

In Malaysia, the general public can access healthcare services through government hospitals and rural health clinics at highly subsidized rates. This includes both in-patient and out-patient care, and is available to all the citizens. The Ministry of Health operates an immunization scheme, free for all children, through hospitals, health clinics, and

20:
According to oanda.com currency exchange rates as of 6 October 2015.

primary schools. Dental treatment is also provided through the hospitals and clinics.[21] Emergence of a private healthcare system, one that complements the public healthcare facilities, providing many additional services, prompted the Government to establish a Medical Assistance Fund, which provides full or partial repatriation for private hospital costs for Malaysian citizens who are poor or registered as disabled with the Department of Welfare, or persons referred by hospitals and certified by the Department of Welfare. The health system in Malaysia is becoming increasingly unsustainable, however, with increasing public expenditure on health due to increasing life expectancy and costs of living, as well as a surge in out-of-pocket payments made by households.[22]

At present, private medical and health insurance (MHI) is growing in coverage, especially in urban areas, due in part to the broadening range of MHI products and providers, and also to consumer awareness of health promotion and protection.[23]

Employees covered under the Employment Act 1955 are also entitled to paid sick leave, paid maternity leave, and termination benefits under employers' liability if they are terminated by employers for reasons other than misconduct.[24]

- **Pension and provident fund.**

The Employees Provident Fund (EPF) is a compulsory savings scheme covering private sector employees, the self-employed, and certain employees in the public sector. All employees under the age of 75 years in the private sector who are employed under a contract of service must contribute a certain percentage of their monthly wage, according to wage categories, to EPF. Employees under the age of 60 contribute 11 per cent of their monthly salaries to the provident fund, while employers contribute 13 per cent of employee salaries to the fund (12 per cent, with salaries greater than RM5,000 (about $1,189). For both employees and employers, contribution rates for employees aged between 60 and 75 years is half the statutory contribution.

The public sector is Malaysia's largest employer, and all public sector employees are given the option, at the end of their probationary period, to opt for a retirement pension or continue contributions to EPF. Upon retirement, a public servant is entitled to a range of benefits, including service pension, gratuities, and other allowances. Eligibility for a pension involves no means testing. The pension is paid for the life of civil servants or for those of their spouses and other dependents.

The public sector employees who have not been confirmed and do not qualify for the

21:
Asian Development Bank (ADB, Prepared by Suman K. Sharma): Malaysia: Updating and improving the social protection index. (ADB, co-financed by the Republic of Korea e-Asia and Knowledge Partnership Fund, 2012.) Available at: http://www.adb.org/sites/default/files/project-document/76082/44152-012-reg-tacr-11.pdf.

22:
Economist Intelligence Unit. 2014. "How sustainable is Malaysian heathcare?" Available at: http://www.eria.org/publications/research_project_reports/images/pdf/y2009/no9/CH-07_Malaysia_pp.182-219.pdf.

23:
Ibid.

24:
Those eligible for this are manual workers earning less than RM2,000 per month (about $470).

pension scheme are also required to contribute to the EPF. Self-employed people can contribute any sum in excess of a certain minimum amount.[25]

EPF faces sustainability concerns, given the rising cost of living and the fact that many recipients outlive their retirement savings. EPF cannot guarantee the predictability or adequacy of these benefits as pension or other income security, so beneficiaries are offered the option of taking a lump-sum equivalent. Government figures indicate that about 60 per cent of pensioners exhaust their lump-sum benefit within 3–5 years of reaching a pensionable age, which cause for concern. Women are especially vulnerable, given their lower lifetime wages, shorter period of work, and frequent relegation to unpaid and informal work.[26]

People with disabilities (PWDs) receive an allowance meant to cover the normal needs of a disabled person. Where needed, artificial aids are also provided to elderly and disabled persons to improve their mobility and quality of life. Interviews with MEF and its company members indicated that employers welcomed the idea of hiring PWDs. However, those interviewed pointed to the lack of adequate public or workplace infrastructure and/or infrastructure maintenance to enable PWD mobility.

Zakat: Religion-based social protection

Muslims in Malaysia have access to an additional form of social protection. Zakat is one of the five fundamental pillars of Islam, and requires non-poor Muslims to contribute 2.5 per cent of their total wealth to assisting the poor and disadvantaged sectors of society. In Malaysia, Zakat has been institutionalized. It has become a state matter, with four state corporations given responsibility for dealing with the collection and distribution of zakat. Zakat can also mean “growth”, and Malaysia’s social version of Zakat rests on the premise that sharing one’s wealth with the poor and needy will not only lead to social harmony, but also stimulate economic growth by raising consumer demand among the marginalized sectors of society. Only applicable to Muslims, and hence limited in scope and size, Zakat can potentially play a pivotal role in protecting the interests of the marginalized, among other things assisting them in adjusting to cyclical fluctuations. This would also help to free up governmental resources for disadvantaged non-Muslim sectors of society. To ensure that Zakat provides a reliable safety net for the marginalized, the following issues need to be addressed: effective management of the funds; excessive related bureaucratic red tape; and dissemination of information about the Zakat programme.

25:
ADB: Malaysia, op. cit.

26:
C.B. Ong and C. Bista Peyron: The state of social protection in ASEAN at the dawn of integration. Draft version (August 2015).

Labour market policies

The Ministry of Women, Family and Community Development launched 1Azam, an integrated programme to improve labour market outcomes among the poor and vulnerable sectors of society. Introduced in 2010, 1Azam is a productive welfare programme providing assistance in four essential areas: job placement (Azam Kerja); creating small business enterprises (Azam Niaga); creating small service providers (Azam Khidmat); and creating opportunities in agriculture (Azam Tani). The initiative aims to help people with low incomes become independent. To apply, participants register with eKasih, a database of poor families created to assist, plan, and monitor poverty eradication programmes. Conditions for eligibility include a monthly income of less than RM1,000 (about $228) in rural areas or RM1,500 (about $342) in urban areas.[27] The 1Azam programme has come under scrutiny, however, following investigations launched by the Malaysian Anti-Corruption Commission (MACC).[28]

Malaysia also administers the Human Resource Training Fund (HRTF), which is based entirely on employer contributions. Size of contribution is determined by company payroll and revenue. This fund can be used by companies to send their workers for training and upskilling at government-certified centres. The MEF training centre is one such certified institution.

The Ministry of Human Resources has also established vocational training institutes to provide youths unable to continue higher formal education with skills training to help make them employable. The Ministry reported that 80 per cent of successful trainees found employment.

Social protection for the informal economy

Malaysia's informal economy is relatively large, accounting for about 30 per cent of the national GDP.[29] Those not covered by formal sector schemes in Malaysia are entitled to social assistance from the welfare department under certain criteria, and they are encouraged to make voluntary contributions to EPF. Given the heterogeneity of informal sector workers, however, no single scheme is likely to suit all informal workers. The scarcity of reliable data also hampers design of any informal sector schemes.

27:
MyBajet: Participants of 1Azam do not fully utilise aid received – Audit (2014). Available at http://mybajet.my/tag/1azam [accessed 4 December 2015].

28:
Accountable, a Sinar Project: “1Azam Funds Misuse: Misappropriating funds meant for the poor under the government's 1AZAM (Akhiri Zaman Miskin) programme” (2013) Available at: http://accountable.sinarproject.org/issues/1azam-funds-misuse [accessed 4 December 2015].

29:
Duc Hong Vo and Thinh Hung Ly: “Measuring the shadow economy in the ASEAN nations: The MIMIC approach”, in International Journal of Economics and Finance, Vol. 6, No. 10 (2014).

Governance, administration, and fiscal sustainability

Public health expenditure is increasing due to rising life expectancy, the prevalence of non-communicable diseases such as diabetes and circulatory illness, and rising healthcare costs. As indicated above, innovative methods of financing the increased expenditure are necessary to prevent government healthcare programmes from becoming fiscally unsustainable.

SOCSO and EPF, the two main government bodies engaging in social insurance schemes, are supervised by two different ministries. Coordinating the efforts of the two organizations presents a challenge. MEF proposes that the Government establish a single centralized fund to manage social security, and that the Ministry of Human Resources manage the funds.

In addition, employers wish to see more transparency in fund management. Governance and administration issues present important obstacles in Malaysia, as they do in many countries in the ASEAN region. Past experience has led to deep-rooted mistrust. For example, according to MEF and its company member interviewees, HRTF, the national training fund, has not been well managed, with the funds being used for purposes other than training. Recent investigations concerning misappropriation of 1Azam programme funds by a prominent politician also fuel mistrust in government schemes. Indeed, until governance and administrative issues are credibly resolved, it could be a challenge to undertake effective social protection system reforms in Malaysia.

MEF's role

In Malaysia, MEF will continue to ask critical questions, directing the Government to issues in need of consideration before any new initiatives are implemented. MEF will also continue to offer constructive suggestions, where possible, to help the Government to achieve its intended objectives — e.g. the suggestion to establish statutory requirements for concerned companies to make provisions in their accounts for company-level retrenchment funds, with independent auditing to enforce the provisions. MEF and company members interviewees believe there will be further changes in the social security system and policy in Malaysia as the Government attempts to meet external expectations, mainly from the developed markets. MEF would like to see the Government stay away from window-dressing gestures to look objectively at cost and efficiency when considering reforms to strengthen national social protection and social security.

Singapore

In Singapore, the social protection system focuses more on labour market strategies, and the policies are designed in such a way so as to encourage people to work rather than foster a "welfare mentality".[30] There are provisions for unemployment insurance, where unemployed people get temporary relief to alleviate financial hardships. Most assistance programmes, however, focus on providing job training, course fee subsidization, employment counselling, and data-bank services. A number of social protection programmes include clear social assistance components. Such schemes are designed mainly as interim provisions, and apply strict eligibility criteria. They encompass various areas, spanning financial assistance; employment and training assistance; housing loans/grants; family care, childcare, and student care assistance; elderly care, medical bills assistance; disability care; and legal assistance.[31] The Central Provident Fund (CPF) forms the basis of all social security schemes in the country. All citizens and permanent residents contribute to the CPF during their lifetime.

Social insurance in Singapore

• Employment injury.
Every employer is required by law to maintain adequate Work Injury Compensation (WIC) insurance for all employees doing manual work, regardless of salary level, and all employees doing non-manual work and earning S$1,600 (about US$1,122)[32] or less a month. This is applicable to both local and foreign employees. With employees who do not meet these criteria, employers can decide whether to buy insurance for them. In the event of valid claims, employers are required to pay the compensation even if they does not have insurance coverage for such employees.[33]

• Health insurance.
Health insurance in Singapore presents an integrated system comprising (1) a compulsory medical savings account (Medisave); (2) a catastrophic medical insurance scheme (Medishield); (3) a means-tested medical expense assistance scheme (Medifund); and (4) a disability insurance scheme to deliver more targeted social protection for the disabled (Eldershield).[34]

In terms of medical protection, some companies have shifted to portable medical benefits.

30: ADB: Republic of Singapore: Updating and improving the social protection index. Prepared by Suman K. Sharma. (ADB, co-financed by the Republic of Korea e-Asia and Knowledge Partnership Fund, 2012). Available at: http://www.adb.org/sites/default/files/project-document/76079/44152-012-reg-tacr-23.pdf.

31: Assistance Schemes for Individuals and Families in Social and Financial Need (Updated January 2014).

32: According to oanda.com currency exchange rates on 6 October 2015.

In these cases, employees' insurance protection is not tied to their employers but remains even when employees change employers. Some companies, moreover, primarily those in the private healthcare sector, have incorporated better health insurance schemes for older workers as part of their employee retention strategy. The employers' representative interviewees believed that both employers and workers needed to play a role in insuring that workers were covered by health insurance, especially after retirement. This also means that employers initiating reforms should be financially literate. SNEF has been working towards this end, organizing talks and workshops to improve the financial literacy of its members.

The Singapore Government is also investing $30 million in an Open Door Fund with provisions for compensating employers when they hire a person with disabilities. There are also other schemes for PWDs, including government subsidies to reduce transport costs to enable them to attend school, work, or care services.

33:
Ministry of Manpower, http://www.mom.gov.sg/workplace-safety-health/work-injury-compensation/Pages/WIC_Insurance.aspx.

34:
ADB, Singapore, op. cit.

Components of Singapore's health system

- Government subsidies that include cost coverage up to 80 per cent for intensive and in-patient care in the public wards of public hospitals and 75 per cent for outpatient care in polyclinics and for medicines.
- Medisave is a contributory savings scheme and part of the Central Provident Fund. Medisave is a mandatory savings account for healthcare, one that permits redistribution among family members.
- Medishield is a social health insurance scheme against expenditures for catastrophic health issues. Medishield is mandatory for the entire population, and the premiums can be paid from the Medisave account. From 1 November 2015, Medishield will be converted to Medishield Life. Compared to Medishield, Medishield Life will offer better protection and higher payouts. It is available to the entire population, including Singapore citizens, permanent residents, the elderly, and those who have existing illnesses, and it offers lifetime coverage. To keep premiums affordable, the Government will also provide significant help to beneficiaries, with the premiums being fixed according to the income-bracket of the concerned individuals.
- Medifund is an endowment fund set up by the Government to help needy Singaporeans who are unable to pay for their medical expenses. It serves as a safety net for those who, despite Medishield and Medisave, cannot afford the subsidized bill charges.

35:
For more details, see Central Provident Fund Board, available at: http://mycpf.cpf.gov.sg/Employers/Gen-Info/cpf-Contri/ContriRa.htm.

36:
The Employment Act, Singapore Ministry of Manpower website, available at: http://www.mom.gov.sg/employment-practices/employment-rights-conditions/employment-act/Pages/default.aspx.

- Eldershield is an affordable, severe disability insurance system that provides basic financial protection to those who need long-term care. It provides a monthly cash payout to help for out-of-pocket expenses for up to a maximum of 72 months. (Severe disability refers to the inability to wash, dress, move, and eat, among other things, without assistance.)
- The Transferable Medical Insurance Scheme (TMIS) is an employer-sponsored hospitalization and surgical insurance programme with two key features: transferability, and continuation of coverage. The coverage applies when employees move from one employer to another, or when they are between jobs for up to a maximum of 12 months. TMIS is a private hospitalization insurance agreement.
- Portable Medical Benefits Scheme (PMBS is a scheme based on the Medisave/Medishield framework to provide employees with flexible medical benefits. Under this scheme, employers make an additional Medisave contribution of at least 1 per cent of the employees salary, and the employees are responsible for their in-patient/hospitalization expenses, or they can use their Medisave accounts to purchase approved insurance products. The implementing company enjoys tax deductibility up to 2 per cent of the payroll.

- **Pension and provident fund.**

Employers in Singapore contribute to the Central Provident Fund (CPF). The CPF contribution rate varies according to employee wage class and age group. The employer contribution rate is lower than the employee contribution rate across all age groups, but the difference narrows the older the age group; with employees older than 65 years, the employer contribution rate becomes higher than the employee contribution rate.[35] Besides the CPF, the Employment Act[36] in Singapore covers most employees (regardless of nationality) and entitles employees to paid sick leave (including medical leave issued by dentist).

The ordinary CPF account can be used for housing, investment, and education; the special account for old age or contingencies; and the Medisave account for hospitalization expenses and approved insurance premiums. Compared to conventional pension schemes, CPFs represent broad saving instruments and extend beyond pension provisions. Smaller pension schemes are available for high-ranking civil servants and foreign workers.

Under the Employment Act, an employee who has been employed in a company for at least three years (reduced to two years from April 2015 in line with shorter employment tenure) can request retrenchment benefits. The amount, according to SNEF, is one month per year worked up to a maximum of 25 years. Companies try to follow this guideline. Severance pay is currently preferred over unemployment insurance because severance pay does not require employee contributions, and is a lump-sum amount that allows employees more flexibility in choosing how they wish to spend the funds.

Labour market policies

The Singapore Government extensively integrates labour strategies into its social protection programmes.

- The Workforce Development Agency (WDA) works with various partners — including employers, industry associations, unions, and training organizations — to develop relevant skills-based training accessible to everyone in the workforce. WDA was established during the 2000s economic crisis to help the workforce to cope with training and skills upgrading.

- The National Jobs Bank was launched in July of 2014 as a labour market information system. The Jobs Bank complements existing government efforts to provide another avenue for Singaporeans to explore job opportunities, as well as to allow employers access to a larger pool of local candidates. Groups such as the community development councils also work with SNEF and NTUC, with employer coaches to guide jobseekers.

- The Singapore Government also supports entrepreneurship through SPRING Singapore, an MTI agency responsible for helping Singapore enterprises grow. SPRING programmes include the Action Community for Entrepreneurship (ACE), a platform to build a more pro-enterprise environment with networking opportunities for local entrepreneurs, and EnterpriseOne, which brings together government assistance programmes from multiple agencies such as the ACE Startups Grant, and various schemes with funding support for young companies.

On the labour supply side, the Government has designated SNEF to run government schemes such as WorkPro and WDA's Enterprises Training Support (ETS).

- WorkPro is a programme developed by the Ministry of Manpower (MOM) and the

35:
For more details, see Central Provident Fund Board, available at: http://mycpf.cpf.gov.sg/Employers/Gen-Info/cpf-Contri/ContriRa.htm.

36:
The Employment Act, Singapore Ministry of Manpower website, available at: http://www.mom.gov.sg/employment-practices/employment-rights-conditions/employment-act/Pages/default.aspx.

37:
Faizal Bin Yahya: "Developing a Singaporean core in our workforce" (National University of Singapore, Institute of Policy Studies, 2013). This article examines the Singapore core from a human capital perspective, and reports the acting Minister for Manpower, Tan Chuan Jin, as highlighting three themes regarding the development of a Singaporean core for the workforce: (1) ensuring good jobs are available to Singaporeans; (2) ensuring good work environments for all workers in Singapore; and (2) to continuing to develop and nurture Singaporeans by helping them to remain employable so they can provide support to families. Available at: http://lkyspp.nus.edu.sg/ips/wp-content/uploads/sites/2/2013/12/Faizal_Developing-a-Singaporean-Core-in-our-Workforce_011213.docx_.pdf.

WDA to augment local labour, foster progressive workplaces, and strengthen the Singaporean core of the workforce.[37] The programme was designed in consultation with NTUC and SNEF, tripartite partners responsible for managing and administering the programme for the three years from 1 April 2013 until 31 March 2016. WorkPro provides funding support for employers to improve their workplace practices, in particular to enhance work-life harmony and to attract and retain back-to-work locals including mature workers. WorkPro will help employees to benefit from good work-life practices. It also enhances the employability of mature employees, back-to-work locals, and individuals who have been out of work for three months or more.

- ETS was jointly developed by WDA and MOM, and helps enterprises to raise employee productivity and skills levels; to attract and retain valued employees by developing good human resources (HR) and management systems, as well as practices tied to training; and to support enterprises with benchmarking compensation and benefits to market rates.

- In addition, the Skills Development Levy (SDL) Act requires all employers to pay a monthly SDL for each of their employees working in Singapore. All SDLs collected are channeled to the Skills Development Fund (SDF), which is used to support workforce upgrading programmes and to provide training grants to employers when they send their employees to attend training under the national Continuing Education and Training system.

Social protection for the informal economy

Like Japan, Taiwan, and other developed economies in East Asia, Singapore does not have much of an informal sector, and most of these workers are domestic workers and migrant workers. Migrant workers without permanent residence status have only limited social protection. They are excluded from CPF coverage, for example, and as well as from government subsidized healthcare. Domestic workers (who are also predominantly migrant workers) are not covered by such national labour code protection as sickness and maternity benefits.[38] Extending social protection schemes to these informal workers will become an important issue in the future. With the implementation of AEC, expected in 2015, this region should see increased migrant flows, and Singapore is expected to receive relatively more unskilled migrants for construction and domestic work, among other sectors.

Governance, administration, and fiscal sustainability

The Singapore Government administers welfare programmes through the Ministry of Community Youth and Sport (MCYS). Other government agencies involved in social protection include MOM, which addresses labour issues, and CPF, which helps to facilitate income transfer schemes.[39] Inter-ministerial coordination, for example with the Ministry of Trade and Industry (MTI), is reinforced by extensive engagements with social partners on the part of MTI and various other labour-related ministries.

The Government also focuses on the funding arrangements of its social protection programmes and on their sustainability. A minimum amount has to be maintained in employee CPFs, for example, and this amount has recently been increased amid concerns regarding the issue of inadequate retirement savings. Another example is where the CPF framework provides additional layers of medical insurance to ensure that individual healthcare needs are met while the scheme remains adequately and sustainably funded.

In Singapore, the fiscal sustainability of the social protection system involves centralizing government promotion of employability and productivity among those in need, who in turn, once they graduate into self-reliance, contribute to funding that social protection system.

One way of further improving the system, according to SNEF, is to institute an impact assessment mechanism for social protection programmes, both identifying what works and tracking expenses for the various funds to avoid wasting resources. The Government is already moving in this direction with plans for a central system to consolidate information about what funds are available and how they are used. A related issue involves the scarcity of information on how these funds are invested, and rates of return on the funds vis-à-vis returns to citizens. Indeed, CPF's opaque management style has drawn much media attention and criticism.[40]

SNEF's role

SNEF acknowledges that certain increases in business and labour costs are inevitable, given that the Singaporean economy is undergoing restructuring. At the same time, it believes it is crucial to manage foreign workers more carefully and to control increasing business costs. SNEF is to communicate these concerns to the Government and NTUC

38:
Singapore Legal Advice: "Maternity leave in Singapore under the Employment Act" (2011). Available at: http://singaporelegaladvice.com/law-articles/maternity-leave-in-singapore-under-the-employment-act.

39:
ADB: Singapore, op. cit.

40:
Gwynn Guilford: "A blogger dared to question the Singapore miracle, and now the prime minister is trying to bankrupt him". Quartz (9 September 2015). Available at: http://qz.com/497287/singapore-blogger-roy-ngerng-sued-by-prime-minister-lee.

through tripartite dialogues. In fact, tripartism has been working effectively. For example, with the recent increase in their CPF contribution rates, the Government has given employers sufficient time to adjust. SNEF will continue upholding the good tripartite spirit in Singapore and work together with the Government and the NTUC to improve employee well-being while promoting a healthy business environment. SNEF will also continue to hold seminars to raise awareness among its members regarding schemes already in place as one measure to help them cope with cost increases.

Conclusion

This review of the social protection systems in Cambodia, Indonesia, Malaysia, and Singapore reveals a diversity of social protection models. Those in Singapore and Malaysia are closely linked to their respective labour market policies, whereas those in Cambodia and Indonesia focusing more on social assistance and social insurance schemes.

Passive programmes, such as unemployment insurance and income support, are essential supports for the immediate needs of the unemployed. Even more important in protecting the needs of the workers and businesses in the medium to long term, however, are active labour market programmes that focus on improving unemployed worker access to jobs, reducing the risk of unemployment, and increasing worker earning capacity. The social protection systems in Singapore and Malaysia, although far from perfect, more effectively link traditional social assistance and insurance schemes with active labour market policies. This approach may not always be replicable in other countries, however, since it requires a strong fiscal position together with the capacity to effectively design and implement such labour market policies.

Singapore's system would appear to do a better job than those in the countries surveyed in balancing the rights and responsibilities of employers and workers. Singapore's social protection policies are also fiscally more sustainable. Cambodia, the least developed economy among the four, relies more on external financial support for its social protection activities, and this might have impeded the establishment of a more systematic and sustainable system. Nevertheless, that country's new social security framework certainly represents a step forward.

Even though Cambodia, Indonesia, and Malaysia all have large informal economies, each country displays different priorities and approaches with respect to how they address social protection for informal economy workers. Indonesia's new social security framework, for example, specifies informal workers as a key target group. Cambodia, for its part, adopted the NSPS in 2011 with a clear focus on the poor and vulnerable, which may include informal economy workers.

41:
X. Del Carpio and L. Pabon: "Minimum wage policy: Lessons with a focus on the ASEAN region", (World Bank, Human Development Department, Social Protection and Labour Unit, East Asia and Pacific Region, 2014).

Except for Singapore, these countries perhaps need to take a more holistic approach, taking into consideration labour market regulations and overall labour and business costs during social protection and/or social security policy development. Labour costs comprise direct and indirect accounts, among these dismissal costs; limitations on the use of temporary employment (over permanent employment with worker benefits); collective dismissal costs; unemployment benefits; mandated pension contributions; and taxes on wages.[41] Social protection policies can have large impacts, both positive and negative, on the cost of doing business for employers and on total employee compensation and employee take-home pay. Hence social protection and other prevailing policies need to take into account how they might affect total labour costs. They should not impose economic burdens on employers that could drive them out of business, at the same time they should find ways to optimize the benefits to workers of social protection and/or social security policies.

As remarked earlier, a practicable, sustainable social protection system must strike an appropriate balance between providing social security, on the one hand, and job creation, competitiveness, and economic growth on the other. In aiming to extend and improve social protection coverage and benefits, countries should adopt holistic approaches that ensure a economically sound labour market while creating and maintaining an enabling environment for enterprises, especially MSMEs.

Chapter 2 (below) identifies important issues from employers' perspectives in considering a more holistic approach to social protection and social security policy development. It also evaluates the rigour with which ASEAN countries' national policies are currently taking such issues into account.

02

Employer perspectives on current policy development and consultative processes

Chapter 02

Employer perspectives on current policy development and consultative processes

This chapter identifies, from the employers' perspectives, key issues in developing successful social protection policies. What follows also includes employer evaluations of how these key issues and associated measures currently feature in schemes under development or reform in Cambodia, Indonesia, Malaysia, and Singapore. Effective consultations with the social partners represent a key to balanced, fair, and practicable policy development. Employer assessments of the existing consultative processes in these countries have identified areas for improvement.

2.1 Policy development

The development of effective social protection policies, according to employers, should include a variety of crucial measures.

- Clearly define proposed social protection policy objectives, and prepare related cost-benefit analyses. These measures can help to ensure that, rather having populist incentives shape policy and programmes, policies are instead founded on robust stakeholder discussions and sound economic and social rationales. Cost-benefit analyses are essential, if the programmes are to prove fiscally sustainable rather than a drain on treasury funds. Social protection policies should only be implemented, furthermore, if projected costs justify the benefits. Actuarial valuations would help to determine overall programme costs. In addition, fiscal sustainability depends on efficient revenue collection and improved overall management of government financial resources. Reducing corruption and unnecessary bureaucratic red tape would further help to make such government schemes sustainable.

- Review existing schemes and laws. Given government objectives in the context of changing circumstances, exit plans and policies are needed to provide ways to adapt or reconfigure these policies/schemes. This is important, because instituting new laws is generally more difficult than enacting amendments. Furthermore, existing schemes sometimes continue to operate at the same time new ones are being introduced, which can lead to wasted resources. Identifying and addressing gaps in prevailing schemes can avoid the launch of whole new initiatives, or potentially disruptive complete revamps of existing schemes, that can prove unnecessarily costly. So it may be more useful to study existing schemes rather than initiate new policies or schemes, and policy-makers sometimes overlook this option. This can be unfortunate, given that most ASEAN countries either do not have a large fiscal space or have still much to do with their available resources.

- Macroeconomic environment and country-specific features. In developing social protection policies, a country's macroeconomic environment needs to be taken into account. And one essential pre-requisite for successful social insurance policies is a thriving private sector. If the economy is not growing, according to employers, then social assistance policies will burden the fiscal budget as well as run the risk of breeding a "welfare mentality" in the working-age population. The design of social protection policies should also consider such key features of an economy as the respective national demographics. In countries with an ageing population, for example, expanded social insurance policies add to the burden on businesses, increasing their overall costs. In such cases, innovative sources of financing for social protection can be pivotal in ensuring a balance of fiscal sustainability and adequate coverage.

- Private sector needs, productivity, and labour market strategies. Social protection policies should provide for the private sector, seeking ways to increase productivity to compensate for increased costs. This includes temporary initiatives to allow firms, especially MSMEs, to cope with rising expenses. Also important is providing an enabling business environment for the private sector and progressive programme implementations that allow businesses time to adjust to increased costs. Greater integration of labour market strategies with social protection policies, meanwhile, helps to develop a more efficient workforce, increase productivity, and contribute to private sector growth.

- Holistic approach to coordinated integration of policies and departments. A holistic approach to developing social protection policies means looking at other policies that may affect business costs, and integrating these so as to reduce the burden on businesses. For instance, if there are rapid hikes in minimum wages, then social protection schemes need to take this into account, as higher wages may entail greater employer contributions to the social security funds. Further increases in the social insurance contributions would thus burden the private sector, thereby discouraging formalization of the economy. Instead, social protection policy design should increase the tax base and encourage more firms to enter the formal economy. The various ministries dealing with social protection policies should also coordinate their programmes to add momentum while reducing relative resource costs.

- Enabling business environment. Institutional and legislative reforms to promote an enabling business environment — reducing bureaucratic red tape and the complexity of starting businesses and managing them — would also help firms improve their efficiency, their productivity, and hence their capacity to meet the increased costs of social protection. Enabling the business environment also promotes job creation and economic growth.

- Formalization. Encouraging more firms to enter the formal sector, thereby reducing the size of the informal economy, would increase the Government's tax base and reduce fiscal pressures. Formalization will also help to extend the scope of social protection programmes, bringing more workers within their purview and mitigating the problem of extending social protection to informal sector workers. Creating the right incentives for formalization through appropriately designed policies, employers believe, is essential to encouraging more firms to enter the formal economy. This is especially true with incentives for MSMEs, which have limited financial sustainability and capacity to deal with administrative procedures. For example, coordination between tax authority and social security institutions that produced schemes exempting MSMEs from paying the employer's contribution could prove an effective incentive.

- Implementation, monitoring, and evaluation. To ensure that policies are feasible, potential bottlenecks in policy implementation and administration should be anticipated and addressed in timely fashion. As part of this, robust M&E systems should be established to collect data and evaluate progress on a regular basis. M&E is also essential in identifying and clarifying the key issues in implementing the programme.

2.2 Review of the consultative process

The four countries reviewed in this report do conduct institutionalized tripartite consultations with the social partners, but most of these consultations are ad hoc. No established framework is available for involving the partners on a regular basis. Even where consultations were institutionalized, some employers felt these were more pro forma than conducted out of a genuine interest in understanding their social partners' viewpoints.[42] In Indonesia, APINDO further felt that the ministries' delegates to the tripartite consultations had neither the necessary technical capacities nor the authority to make decisions. In most cases, the tripartite dialogue did not translate into policy formulation or amendments. Singapore was the exception, where the Government regularly involved employers and employees in all policy matters relevant to these parties.

42:
From interviews with MEF and APINDO representatives.

- Clear mandates. One way to ensure that the post-consultation mandates are acted upon is to see that representatives participating in the dialogue arrive at strong, clear mandates. Vague mandates only make it easier for governments not to act upon such decisions.

- Consultation timing is crucial. The dialogue should start as soon as new policies and laws are being explored, ensuring that the key stakeholders are involved in the process from the outset. For instance, despite being involved in the National Social Security Council and the BPJS II Supervisory Committee, APINDO believes that, when the new social security law was being explored in Indonesia, consultations with employers were very limited. Experts such as actuaries, moreover, were only invited after the initial stage had been completed.

- Pre-consultation awareness raising. This should constitute an integral part of the process. Where the social partners have information about the issues that affect them, they are far more likely to become engaged. Lacking the relevant knowledge, social partners are often neither prepared nor even aware of the need to be prepared regarding certain subject matters.

- Improving transparency by making more information available. Social partner positions and decisions should be based on information, and it is important to make available such information as the performance of the system or investments made by the provident fund, for example. This would also make the departments responsible for managing the fund more accountable, ensuring better performance and greater returns for those enrolled in the scheme.

- Capacity building of social partners. It is equally important to ensure the social partners are equipped with required knowledge and skills to make informed and wise decisions. For example, social partners should have access to actuarial reports and know how to interpret results of actuarial studies. Such matters as the financial sustainability of the system are complex, and social partners should be aware of the implications of the various available options for now and into the future.

- Regional initiatives. Leaving aside consultations with the social partners regarding national initiatives on social protection, the national governments provide little information regarding ASEAN initiatives. In all four countries under review, the employers interviewed reported, for example, they were unaware of the ASEAN Declaration on Strengthening Social Protection adopted by their government leaders 9 October 2013. More effort is needed on this front if regional initiatives are to have concrete impacts.

03

Employers' recommendations on recent social protection policies and reforms in ASEAN

Chapter 03

Employers' recommendations on recent social protection policies and reforms in ASEAN

The employer interviewees believed there was a business case for practicable social protection systems. Well-established social protection policies enhanced productivity and contributed to growth in the following ways:

- enhancing productive assets and infrastructure;
- building and protecting human capital;
- enabling countries to undergo the structural reforms (more politically feasible when workers are protected) needed to adapt to change and remain competitive in the global economy;
- promoting a more enabling environment for sustainable enterprises;
- drawing more people into the formal economy, thus reducing informal work, which tends to constrain innovation and productivity;
- providing the security to invest in higher-risk, higher-return activities;
- promoting greater labour market mobility; and
- stabilizing aggregate demand, notably during recessions.

Indeed, according to employers, through its impacts on physical capital accumulation and human capital development, social protection could improve labour productivity. The empirical links between social protection policies and productivity and growth were not automatic,[43] however, because this balance was ultimately grounded in sound system design, good governance, and efficient administration. Where ill designed or administered, social protection could have adverse impacts.[44]

On the whole, these employers understood the importance of social protection policies and wished to contribute to any discussions relating to bolstering social protection. The employers proposed the following recommendations:

- **Establish an enabling economic environment, maintaining competitiveness, and formalizing the economy**
  - A growing economy and a thriving private sector are essential prerequisites for the

43:
Solid support for this proposition has accumulated from such areas of social protection practice as investment in human capital, building household assets, and labour market programmes.

44:
One example is Mexico's Seguro Popular (SP), a social programme introduced by the Mexican Government in 2002 to provide health insurance to the 50 million Mexicans who had no social security coverage.Aterido

success of social protection policies. It should be recognized that, although the employers should be contributing to the well-being of the workers, it is not their responsibility to fully bear the concomitant costs. Measures to stimulate labour demand and create productive employment opportunities are also fundamental.

- Social protection programmes should provide for the private sector, including temporary adjustment mechanisms and progressive programme implementations to ameliorate the burden of additional costs and to maintain their competitiveness.
- Concrete steps should be outlined to increase enterprise productivity, thereby countering increased costs.
- Well-established social protection policies integrate labour market strategies on both the demand and supply sides to promote job creation and employment.
- Social protection policies should strive for worker protection rather than job protection. The concept of employment security rather than job security is especially important, given growing unpredictability regarding which relevant industries or which tasks might emerge. Social protection programmes should aim to help workers adjust, regardless of which sector or industry they were previously employed in. These programmes should aim to facilitate lifetime employment, potentially in a variety of different jobs or industries.
- Social protection programmes should aim to increase the Government's tax base, and avoid discouraging formalization.

- **Evidence-based approach to policy development**
  - Populist incentives should not govern policy formulation. Policies should be developed on the basis of research and evidence, including cost-benefit analyses, and on the basis of fiscal sustainability.
  - Information, including research outcomes or system performance, should be made available to social partners and thus help to support informed decisions.
  - Governments need to establish a credible, fair, and fiscally sustainable mechanism to promote informal economy social protection.
  - PPPs should be leveraged for policy development and implementation.

- **Consultative mechanism**

  - A mechanism for consulting with the key social partners should be instituted, alongside a framework to feed results of these consultations into the policy-making process. Informal consultations should be avoided, since they lack transparency and accountability.

and Hallward-Driemeier (see below) empirically tested SP's impact, and found that it increased informality with an accumulated effect after two years of 1.2 per cent of additional households staying informal due to the programme. Reyes Aterido and Mary Hallward-Driemeier: "The impact of the investment climate on employment growth: Does sub-Saharan Africa mirror other low-income regions?" World Bank Policy Research Working Paper No. 5218 (World Bank; World Bank Research Department, Development Research Group, 2010). In the reviewers' opinion, it is necessary to describe which programme he studied. This is not true for every programme, but it is important not to neglect this idea. For instance, an increase in formalization was observed in Brazil with the simplification of mechanisms to collect taxes and SS contributions.

- EO role in the consultative mechanism should be strengthened, and EOs should be included in all policy discussions that might affect the country's private sector.
- ACE's role at the ASEAN level needs to be strengthened, while tripartite consultation needs to be institutionalized at the ASEAN level for decisions or recommendations affecting businesses across the region.

- **Flexibility and needs approach**
  - A broad variety of supports appropriate to the short- and long-term needs of the population are necessary, aiming to preserve and develop human capital in the ASEAN countries. These supports should feature an inbuilt flexibility so as to help the systems to adapt to changing circumstances.

- **Quality of administration and governance, and capacity building**
  - Social protection policies should be accompanied by measures to reduce bureaucratic red tape and government corruption, aiming to ensure that resources actually reach the target populations, and to restore trust in government institutions.
  - Capacity building of the tripartite partners regarding related knowledge and skills can help to ensure wise and informed decisions and policies.
  - Capacity building of implementation agencies at the local and regional levels, as well as at the national level, is essential to eliminate bottlenecks in programme implementation and M&E.

Annex

Sample questionnaire – Cambodia

Sample questionnaire – Cambodia[45]

A. On the social security system and reforms

45:
This questionnaire served only as guidance during the interviews; the actual questions were adapted to each country's specific situations and to interviewees' individual responses.

- What are your views on the law regarding social security schemes for persons defined by the provisions of the Labour Law (2002), which entitles all workers defined by the provisions of the Labour Law to medical, disability, and survivor benefits, and which stipulates the introduction of social insurance benefits, including employment injury benefits, age, invalidity, and survivors' pension, as well as other benefits?

- What are your views regarding the NSPS? Are you consulted from programme inception, and have these consultations proven to be substantive and satisfactory engagements?

- According to the Cambodia Daily (1 April 2014), NSSF has officially launched an initiative to provide health insurance to the nation's workforce. A final agreement between workers and employers on scheme provisions, including financing (i.e. contribution rates), has yet to be reached. Enterprises with more than seven employees will be required to pay into the fund to support the healthcare initiative. The cost of insurance is to be shared evenly between employers and workers, but the rate is still under discussion. EOs are concerned with NSSF's determination of the rate, and are wary that insufficient research has been done to support implementation of the healthcare plan. A US-based labour rights group, Solidarity Center, also pointed out the difficulty of getting compensation paid out by NSSF. There is a need for accurate data to support the plan and a clear plan to make the programme credible. Get more opinions during fieldwork, and find out whether employers have been able to express their concerns and their ability to influence policy.

- Are there any main areas of contention concerning current social security reforms from employers' perspectives?

- Were any forms of health insurance schemes contributed by employers prior to NSSF? What was the garment sector health insurance fund all about? Whose initiative was it? Is it still in place now, or has NSSF taken it over?

- As of now, what do you think of the current responsibilities of employer-related social protection in your country?

- Have there been any improvements to the governance and administrative capacity of social protection programmes since the adoption of NSPS?

- Are employers part of the supervisory/management bodies of social insurance schemes? Provide examples.

- What is your perception of the current national economic, social, and political prospects for supporting (or detracting from) ongoing efforts to extend social protection in the country?

B. Policy development

- Has the Government integrated policy-making with a regulatory impact assessment?
- Does the Government clearly set out the purposes of any proposed policy or legislative initiative at the beginning of the process?

- Does the Government take into account the funding arrangements and sustainability of its social protection programmes?

- Does the Government take into account the current national employment situations while anticipating changes in the future (forms of employment, tenure of employment, evolving employment relationships)?

- Does the Government take into account demographic changes in the country?

- Does the Government take into account taxation systems in the country?

- Does the Government take into account wage levels and policies in the country?

- Does the Government integrate labour strategies (e.g. active labour market programmes such as job search assistance; vocational training or retraining; apprenticeship programmes; support for self-employment and microenterprise development; and wage subsidies to encourage hiring) into its social security framework?

- Are ministries aside from the relevant line ministry actively involved in the policy-making processes? How effective is inter-ministerial coordination in social protection policies? How much duplication of effort is there?

- Are the needs of MSME employers taken into greater consideration? Are there special mechanisms designed to accomplish this?

- Where social security is extended to the informal economy, are there parallel efforts to reform the business environment to improve and expand formalization, to expand the tax base, and to improve coverage for workers? What specific efforts are being made? How successful are they? While legislation provides social security for the private sector, informal economy workers remain uncovered. The NSPS is expected to reach out to informal workers by targeting the poor and vulnerable. Are efforts being made to promote formalization?

- Are measures being taken to establish a balance between rights and `responsibilities in the social security framework?

- Are measures being taken to ensure labour costs remain affordable? Are there mechanisms for evaluating the total costs incurred by employers?

C. On dialogue/consultative processes

- Are there any institutionalized mechanisms for tripartite consultation on social protection matters?

- What consultative processes are in place, and how effective are they?

- Have EOs been engaged in consultations since the inception of any recent discussions on social protection policies?

- During the most recent social security reforms, have these consultations amounted to substantive and satisfactory engagements?

- Are awareness-raising efforts regarding SPF and social security in general specifically targeting EOs and the business community?

- Were there any opportunities for senior ministry officials to hear directly from enterprises regarding their views and perspectives?

- What do EOs recommend to governments and trade unions to improve their participation in social protection reforms and implementation?

D. On private sector and EO roles in social protection services/programmes

- Are any employer-driven social protection contributions/programmes operating at the company or sector levels?

- While some reforms are being made on the demand side, the supply side needs strengthening. Is there potential private sector/PPP participation in the supply of healthcare services?

- A number of health reform proposals adopted by the Government include sub-contracting government health services delivery to non-governmental providers, and community-based health insurance (CBHI). Has the private sector been able to provide services in this sphere?

- Currently, 40 training centres provide short-term and long-term courses. The short-term training targets poor households and are designed to be demand-driven. TVET provides mobile training centres to poor communities. Short-term training courses include agricultural development, handicraft, industry, and services. Long-term training courses provide training modules and an associate degree that can take up to two years to complete. Are there any links between TVET and the private sector and/or the EOs to ensure course skills are needed in the labour market. Are there any certification systems in place?

E. EO positions and recommendations on recent policy/legislative initiative/reform related to social protection

- How do you see your future role in the social security debate, reforms, and scheme implementation — tripartite consultations, collection of social security fees, supervisory mechanisms, management?

- In labour market programmes within the social protection framework, for example, can EOs provide services (directly or by mediating) such as training within public works programmes (which so far have had limited connection to training) and in partnership with the Department of Technical `Vocational and Educational Training (TVET) and the Ministry of Labour and Vocational Training (MOLVT)?

- What do EOs recommend to governments and trade unions to improve their participation in social protection reforms and implementation?

- What do EOs suggest to improve their role and engagement in the establishment of SPFs at the national level?

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