



វិទ្យាស្ថានសភាកម្ពុជា
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Briefing Note

National Assembly Commission on Health, Social Affairs,
Veteran,
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Affairs

National Social Security Fund in Cambodia: Background for Field Mission to Takeo, Kep and Koh Kong Provinces

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1. Introduction

The Royal Government of Cambodia (RGC)'s long-term goal is to achieve sustainable and inclusive growth and to become a higher middle-income country in 2030 and a high-income country in 2050 [1]. Cambodia has maintained healthy economic growth at around 7 percent annually since 2011, a decreasing poverty rate standing at 13.5 percent in 2014¹ and a Gini coefficient of 0.28 in 2016; however, there remain 4.5 million citizens considered vulnerable that could fall below the poverty line if they face economic disruptions [2]. To protect vulnerable Cambodians, the RGC has created the National Social Protection Policy Framework 2016-2025 which lays out a path to extend the breadth and depth of the National Social Security Fund (NSSF).

Until recently, the NSSF had provided social insurance under two schemes: the Employment Injury Insurance scheme and the Health Insurance scheme. The two schemes have gradually expanded their coverage nationwide. The Employment Injury Insurance scheme has 1.4 million registered members in 10,489 registered businesses as of 2017, with 145 contracted hospital facilities. The Health Insurance scheme has 1.1 million registered members in 3,271 registered businesses, with 1,333 contracted hospitals.

From 2019, the RGC is introducing a third scheme under the NSSF: the Pensions scheme. The Pensions scheme aims to provide income support to retired workers. Data on the progress of implementing the Pensions scheme will be available in coming years.

Three ministries are highly involved in the implementing the NSSF program: the Ministry of Health, the Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSVY), and the Ministry of Labour and Vocational Training (MoLVT). The total budget allocated to the three ministries and their provincial departments has increased greatly over time and was increased again in 2019, although the Ministry of Health has seen a fall in planned external capital financing.

This briefing note provides an overview of the legal frameworks and achievements of social security in Cambodia under the Employment Injury Insurance scheme and the Health Insurance scheme. It also looks at the budget allocation of the three ministries and their provincial departments in Takeo, Kep and Koh Kong provinces. Lastly, it discusses the challenges the government faces in implementing its social security strategy. The report is prepared in response to a request from Commission 8 of the National Assembly to support their mission to Takeo, Kep and Koh Kong Provinces to observe the implementation of the NSSF and the provincial department's budgets for the three related ministries.

2. Legal framework and strategic plans

The NSSF plays an important role in providing social insurance support to employees. It aims to protect workers from falling into uncontrollable poverty. To implement the NSSF, laws, regulations and strategies have been referenced and enacted as follows:

- The Constitution of the Kingdom of Cambodia in 1993[3]:
 - Article 36, all Cambodian shall have the right to obtain social security and other social benefits as determined by law.
 - Article 72, the government shall give full consideration to disease prevention and medical care. Poor people shall receive free medical consultations in public hospitals, infirmaries and maternities.
 - Article 73, the government shall give full consideration for children and mothers, by encouraging the creation of nurseries and by attending to women without support who have many children under their care.
 - Article 74, the government shall assist disabled persons and the families of combatants who sacrificed their lives for the nation.
 - Article 75, The Government shall establish a social security system for workers and employees.

¹ This is the last update about poverty rate in Cambodia, there is no updated figure so far.

- Labor Law in 1992 requires an employer to be responsible for the employee's work injury.[4]
- Law on Social Security Schemes for Persons Defined by the Provisions of the Labour Law in 2002: The law aims to organize social security schemes including pension and occupational risk schemes (Article 1).[5]
- Sub-decree on the establishment of the National Social Security Fund with the mission to manage and implement the social security fund.
- Sub-decree Concerning the Establishment of a Social Security Scheme on Health Care for Persons Defined by the Provisions of the Labour Law in 2016 and amended in 2017.[6]
- Sub-decree on Conditions, Formalities, and Procedures of Benefit Provisions of Social Security Schemes on Occupational Risk for Public Employees and on Health Care for Public Employees, Former Civil Servants, and Veterans in 2017.[7]
- The Inter-Ministerial Prakas on Health Care through the Health Equity Fund for Informal Workers and Supplementary Allowance for Female Workers when Giving Birth. In Article 5 of the Prakas, the NSSF is responsible for managing and registering informal workers and providing a supplementary allowance when giving birth for female workers in both the formal and informal sectors.[8]
- National Social Protection Policy Framework 2011-2015 and 2016-2025.
- Convention number 102 of the International Labor Organization (ILO) states that the minimum standard for social security consists of nine schemes/branches namely; medical care, sickness benefits, injury, old age, unemployment, , invalidity benefits, family benefits, maternity benefits, and citizen survivors benefits to be included in social security policies.[9]

3. Achievements in Implementing the National Social Security Fund

Since the establishment of the National Social Security Fund (NSSF) in 2008, the NSSF has provided basic insurance to workers in the formal sector to raise their welfare and secure their livelihood in case they encounter hardships. There are three main schemes being implemented by the NSSF, namely: Employment Injury Insurance, Health Insurance and Pensions.[10] As shown in the NSSF's report on *Ten-Year Achievements 2008-2017 and Action Plans 2018*, the first two schemes have been successfully introduced; however, the remaining pension scheme is still being developed. Thus far, only a pension fund for public servants has been introduced.

The achievements of the two established schemes are as follows.

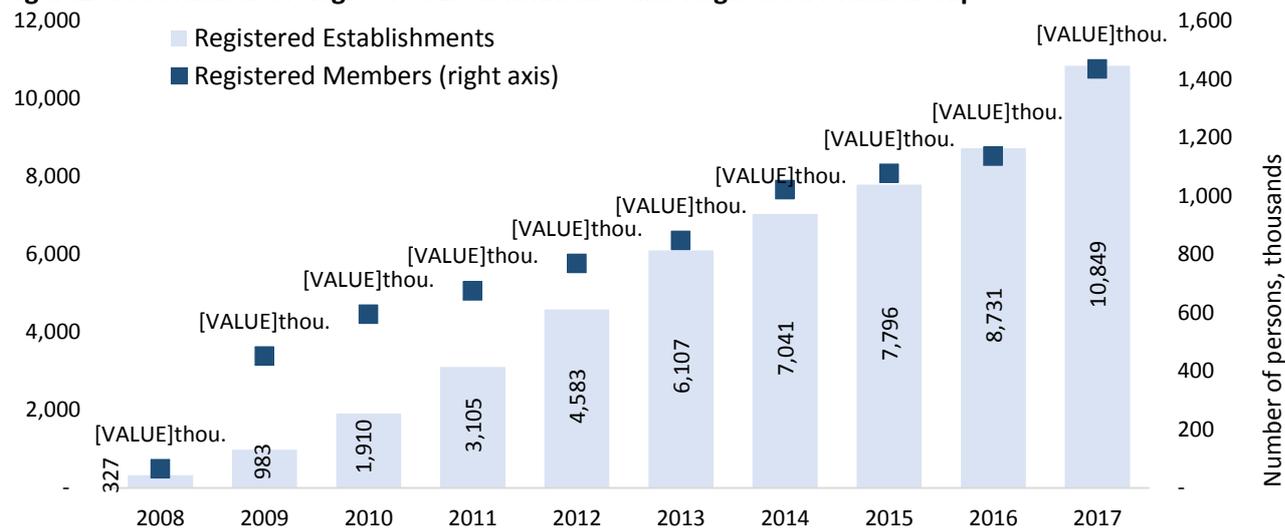
3.1 Employment Injury Insurance

Employment Injury Insurance nationwide

The Employment Injury Scheme was launched in November 2008 to provide occupational injury and work-related health coverage for employees in private-sector companies employing eight or more workers. Its coverage has grown quickly and is now nationwide. Figure 1 shows that initially only 327 enterprises were registered in the employment injury and occupational risk scheme, with about 64 thousand members. Coverage has grown and reached 10,849 enterprises and about 1.44 million members nationwide in 2017.

Current contribution rates and benefits are described in Table 1.

Figure1: The Number of Registered Establishments and Registered Membership



Note: The data of registered establishments includes the number of closed and suspended enterprises

Source: Report on Ten-Year Achievements 2008-2017 and Action Plans 2018[10]

Table 1: Current contribution rates and benefits

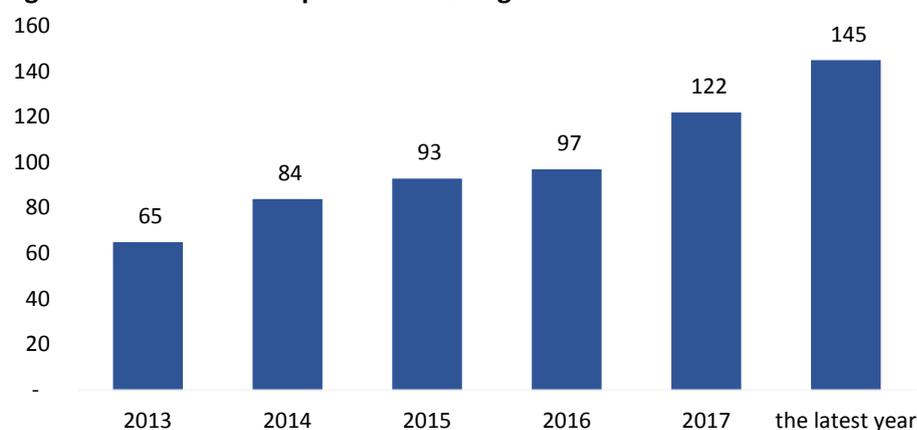
Contributions	Benefits
Contributions to the work injury or occupation risk scheme are borne by the employer at the rate of 0.8% of gross wages of employees.	Benefits that employees can receive from the scheme include: <ul style="list-style-type: none"> - Emergency service - Medical care treatment - Temporary disability: Daily allowance which is 70% of the daily average wage of employees and 50% of the daily average wage of victims - Permanent disability benefit: They are entitled to a permanent disability pension. - Funeral allowance - Survivor benefit: varies according to the conditions of survivors.

Source: NSSF[11]

To deliver health services to registered members, the NSSF has signed agreements with four types of hospitals: national hospitals, referral hospitals, health centers and private health facilities.

The number of contracted hospital facilities has risen from 65 in 2013 to 145 in 2018 (Figure 2).

Figure 2: Number of Hospital Facilities Signed with NSSF



Source: Report on Ten-Year Achievements 2008-2017 and Action Plans 2018[10]

Employment Injury Insurance in Takeo, Kep and Koh Kong Provinces

The numbers of establishments and workers registered for Employment Injury Insurance in Takeo, Kep and Koh Kong provinces has grown considerably faster than in the rest of Cambodia from 2015 to 2017 (Table 2).

Table 2: Number of registered enterprises and workers

	Enterprises			Workers		
	2015	2017	Growth	2015	2017	Growth
Takeo	97	137	41.2%	35,058	38,966	11.1%
Koh Kong	31	44	41.9%	7,954	10,467	31.6%
Kep	27	40	48.1%	328	493	50.3%
All provinces	6,470	8,507	31.5%	1,109,890	1,182,849	6.6%

Source: Report on Ten-Year Achievements 2008-2017 and Action Plans 2018 and Report on Annual Achievements in 2015 and the Action Plans [12, 13]

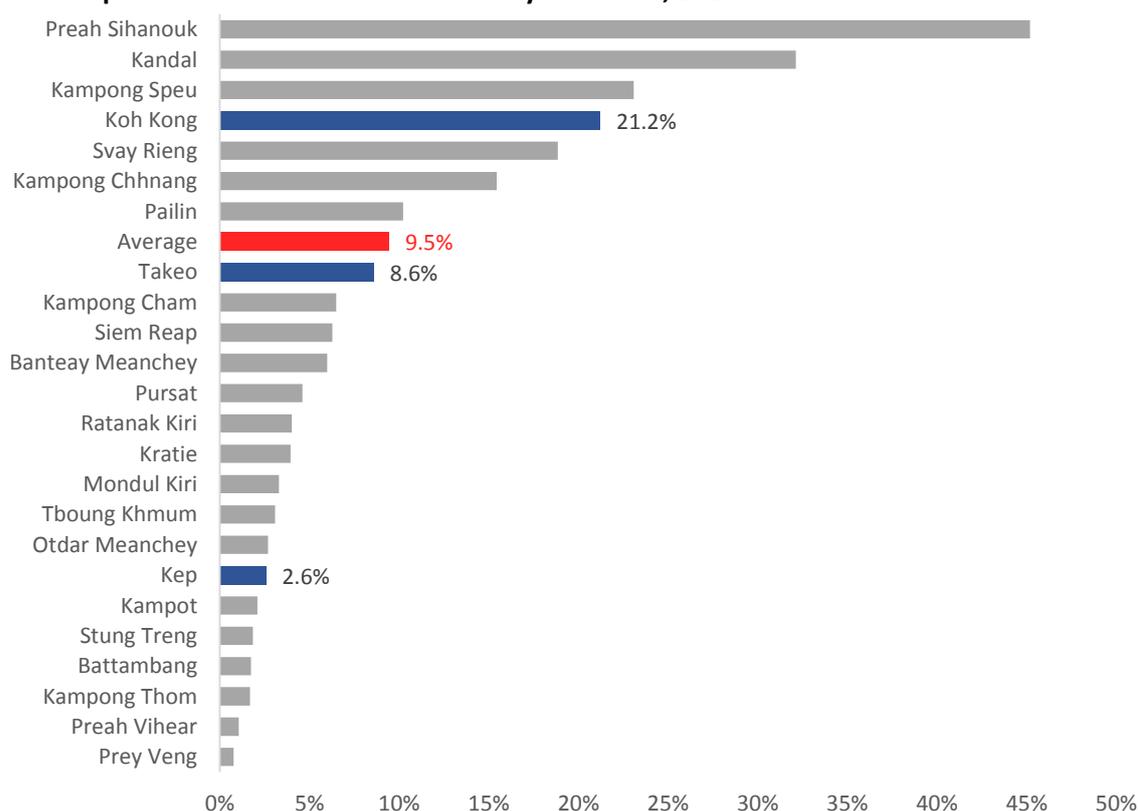
In Takeo province, the number of registered enterprises grew 41.2%, from 97 registered enterprises in 2015 to 137 in 2017. The number of members grew 11.1%, from 35,058 in 2015 to 38,966 in 2017.

In Koh Kong province, the number of registered enterprises grew 41.9%, from 31 registered enterprises in 2015 to 44 in 2017. The number of members grew 31.6%, from 7,954 in 2015 to 10,467 in 2017.

In Kep province, the number of registered enterprises grew 48.1%, from 27 registered enterprises in 2015 to 40 in 2017. The number of members grew 50.3%, from 328 in 2015 to 493 in 2017.

When compared to the number of total workers in each province (both formal and informal), Koh Kong has achieved a high rate of coverage at 21.2%, which is over twice the national average of 9.5% (Figure 3). Takeo's coverage ratio is roughly on par with the national average at 8.6%. Kep has a very low coverage ratio of 2.6%. Coverage ratios could be attributed to a number of factors, primarily the types of industries and size of employers in each province, and do not necessarily reflect enforcement and compliance activities.

Figure 3: Proportion of total workers covered by insurance, 2017



Source: Report on Ten-Year Achievements 2008-2017 and Action Plans 2018[10], Ministry of planning, and PBO/FACT calculations [14]

There is currently one referral hospital in Kep province, 2 referral hospitals in Koh Kong province, and 8 hospital facilities in Takeo province (1 provincial hospital, 6 referral hospitals and 1 health center) that have signed contracts with the NSSF to provide health services to members registered for Employment Injury Insurance (Table 3).

Kep has the highest capacity to serve current members, with only 493 members accessing its sole health care provider. Koh Kong has 5,234 members per contracted provider. Takeo has 4,871 members per provider. The national average is 9,695 members per provider.

Table 3: Number of contracted health care providers

	Number of contracted health providers	Number of members per provider
Takeo	8	4,871
Koh Kong	2	5,234
Kep	1	493
National average		9,695

Source: Report on Ten-Year Achievements 2008-2017

The Employment Injury Insurance scheme’s growth in the three provinces appears to be much faster than in the rest of Cambodia. However, Kep remains well below the national average for insurance coverage. More information is required to determine whether these growth and coverage rates are the result of structural factors related to the overall business environment in the provinces or if they result from different efforts to develop the NSSF.

3.2 Health Insurance

Health Insurance Scheme Nationwide

The second branch of the NSSF, the Health Insurance Scheme, was officially launched in 2016. The scheme aims to provide workers with a health care package to tackle health issues that arise outside the workplace. [10]

Before the scheme was started, the NSSF had collaborated with development partners running the “Health Insurance Project” between 2013 and 2016 as a pilot for the scheme. During the first stage, the scheme targeted provinces where the most factories were located, namely in Phnom Penh, Kandal province and Kompong Speu province. By the end of the project in March 2016 there were 6,312 registered workers from 11 factories and a total of 8 contracted hospital facilities.

The Health Insurance scheme was officially rolled out to the rest of the country in late 2016. The introduction has proven successful, with 1.1 million workers in 3,271 registered enterprises in 2017. The number of contracted hospital facilities was 1,333, located in 25 capital/provinces.

Current contribution rates and benefits are described in Table 4.

Table 4: Contributions and Benefits under Health Care Scheme

Contribution	Benefits
<p>Before 2018, both employee and employers shared equal monthly contributions as follows:</p> <ul style="list-style-type: none"> - Employer: 1.3% of monthly wage of worker - Employee: 1.3% of monthly wage of worker <p>From 2018, the contribution is only borne by the employer.</p>	<p>Insured persons receive health care coverage for inpatient, outpatient, emergency services, rehabilitation services, daily allowance and disease prevention.</p>

Source: NSSF[11]

Health Insurance Scheme Takeo, Kep and Koh Kong Provinces

Data on the Health Insurance scheme at the provincial level is still limited at this early stage of the program, with only the number of contracted hospitals available. Takeo province has 88 registered hospitals, Koh Kong province has 15, and Kep has five.

Table 5: Contracted health providers for the Health Insurance Scheme

	Number of contracted health providers
Takeo	88
Koh Kong	15
Kep	5

Source: Report on Ten-Year Achievements 2008-2017

More of the new program’s performance may be assessed as more data becomes available in future years.

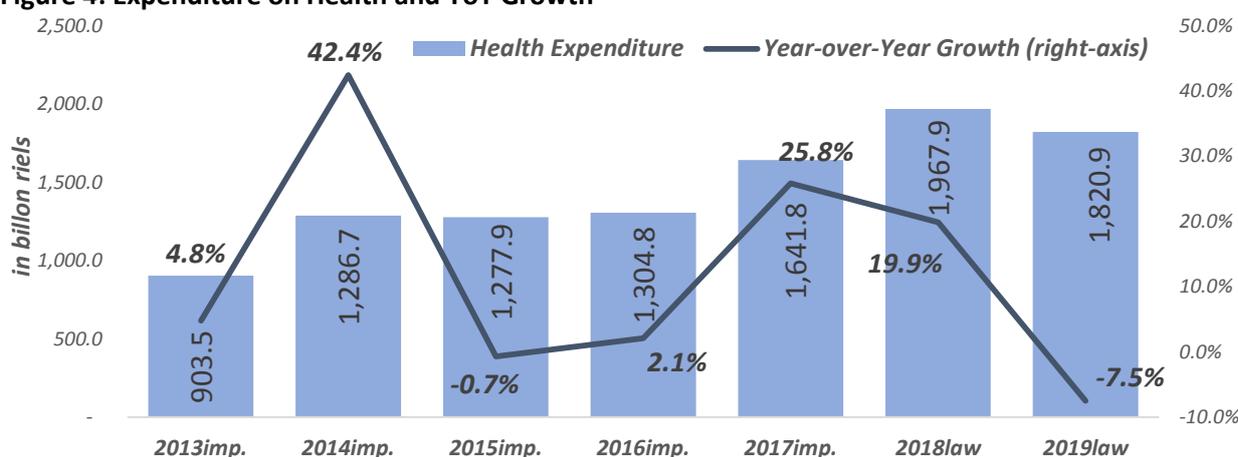
4. Budget allotment to the three ministries involved in implementing the NSSF

To consider where there has been an appropriate expansion in NSSF implementation in Takeo, Koh Kong, and Kep, it may be informative to examine trends in the overall budget expenditure allocated to the national and provincial line departments of the Ministry of Health (MoH), Ministry of Social Affairs Veteran and Youth Rehabilitation (MoSVYR), and Ministry of Labour and Vocational Training (MoLVT) from 2013 to 2019 [15, 16].

4.1 Total Budget for Ministry and Provincial Departments

Figure 4 depicts the actual budget appropriation or implementation law (imp) to the MoH, MoSVYR and MoLVT and its provincial departments as a whole from 2013 to 2017, and the budgeted amount (law) between 2018 and 2019. It also presents the year-on-year growth during the five-year period.

Figure 4: Expenditure on Health and YoY Growth



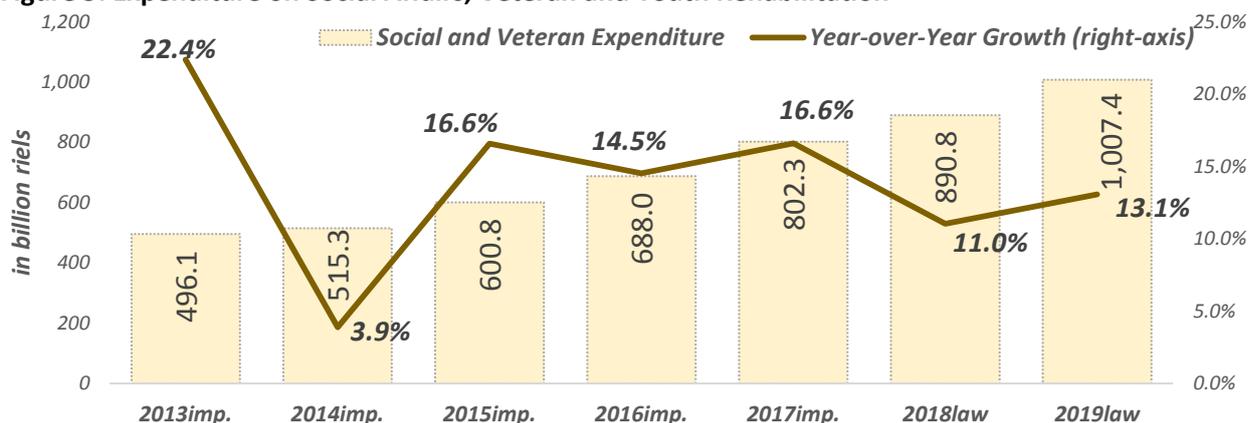
Source: Law on Budget Implementation (imp) for State Management for 2013 to 2017 & Law on Financial Management (law) for 2018 and 2019

The actual expenditure of MoH and its provincial departments rose from 903.5 billion riels in 2013 to 1,641.8 billion riels in 2017, nearly doubling as the result of rising capital expenditure supported by external financing. However, in 2019, budgets are set to be lower than in 2018: 1,820 billion riels compared to 1,967.9 billion riels.

Actual expenditure allotted to MoSVYR and its provincial departments increased from 496.1 billion riels in 2013 to 802.3 billion riels in 2017, as shown in Figure 5. Planned spending for 2018 and 2019

continues to increase to 890.8 billion riels and 1,007.4 billion riels, respectively. Average growth over the period was 12.6%, driven primarily by current expenditure.

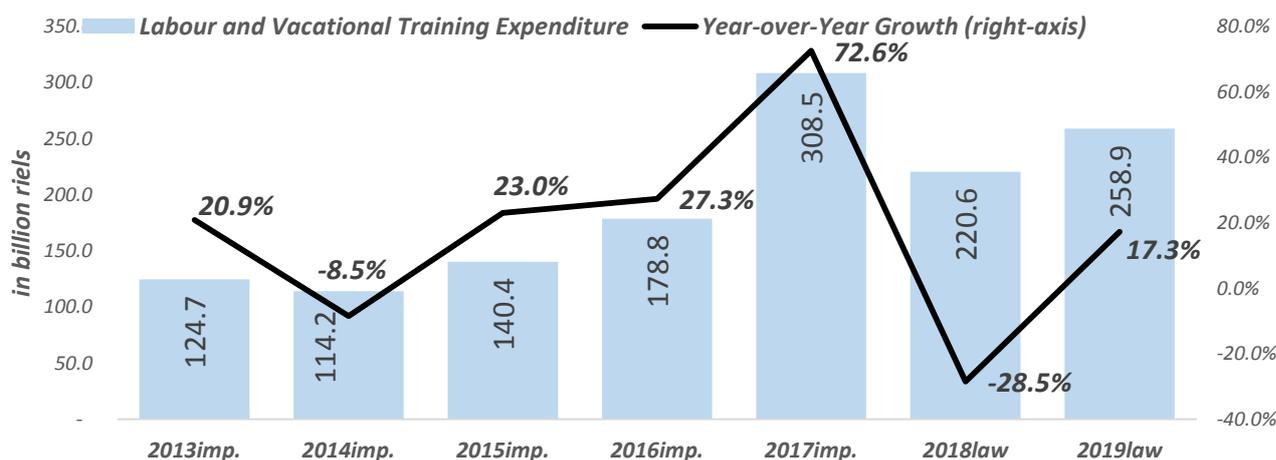
Figure 5: Expenditure on Social Affairs, Veteran and Youth Rehabilitation



Source: Law on Budget Implementation (imp.) for State Management for 2013 to 2017 & Law on Financial Management (law) for 2018 and 2019

The budget allocated to the MoLVT and its provincial departments increased from 124.7 billion riels in 2013 and to 308.5 billion riels in 2017. The increase was led by capital expenditure financed by external sources. Interestingly, expenditure in 2017 increased by 72.6% compared to 2016. Planned spending roughly follows the rising trend prior to 2017, and was 220.6 billion riels in 2018 and 258.9 billion riels in 2019.

Figure 6: Expenditure on Labour and Vocational Training and YoY Growth



Source: Law on Budget Implementation (imp.) for State Management for 2013 to 2017 & Law on Financial Management (law) for 2018 and 2019

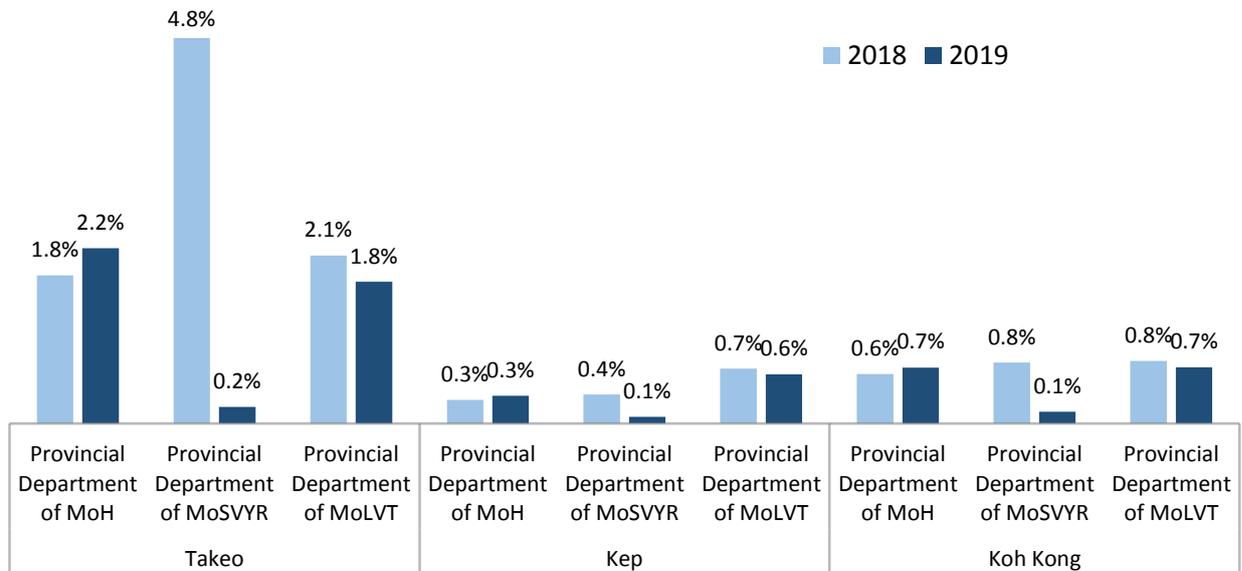
4.2 Budget for Provincial Departments in Takeo, Kep and Koh Kong Provinces

This section shows the budget allotted specifically to the provincial departments of MoH, MoSVYR and MoLVT in Takeo, Kep and Koh Kong provinces in 2018 and 2019 as a share to the total budget of their respective ministries. The budget allotted to the provincial departments varies across provinces, according to their geographical location, size of administration and population.

Figure 7 shows the share of the budget allocated to the provincial departments of the MoH in the three provinces to the total budget for its ministry in 2019 is higher than in 2018, and its budget in value also increased compared to that of 2018. However, the budget expenditure share of provincial department of MoSVYR in the three provinces to total budget expenditure for MoSVYR fell dramatically from 4.8%

to 0.2% in Takeo province, from 0.4% to 0.1% in Kep, and from 0.8% to 0.1% in Koh Kong province. Also, the budget expenditure share of provincial departments of MoLVT in the three provinces to the total budget of its ministry in 2019 decreased slightly compared to 2018.

Figure 7: Share of Provincial Department Budgets of MoH, MoSVYR and MoLVT spent in Takeo, Kep and Koh Kong



Source: Law on Financial Management for the 2018 and 2019[15]

5. Challenges of implementing the National Social Security Fund

Achieving the goals of the RGC's National Social Protection Policy Framework will face several challenges across the three schemes

Employment Injury Insurance

- **Awareness.** Coverage remains low because some enterprises are not aware of the requirements and procedures of enrollment to the NSSF [10].
- **Lack of identification.** The majority (71%) of employers experience difficulties registering their workers with the NSSF due to workers lacking identification, particularly when they transfer from the informal sector, according to a 2017 ILO survey [17].
- **Noncompliance.** Many employers, particularly in the restaurant and entertainment industry are noncompliant, changing premises, suspending operations and closing firms without informing the NSSF [10].
- **Education.** Workers are often unaware of requirements to use contracted health facilities and instead access non-contracted hospitals, resulting in complicated administration procedures to resolve the mistake or a failure to be covered [10, 18].
- **Quality of contracted facilities.** The quality of treatment services and medical care in some health facilities is not adequate or is of a low standard [10, 19, 20].

Social Health Insurance

- **Business impact.** Some employers delay renewing employee registration for the health care scheme because employees are required to register in person and it will disrupt work flows, particularly on manufacturing assembly lines [10].
- **Administrative noncompliance.** Some employers fail to inform the NSSF when new workers are hired or existing workers are laid off [10].
- **Lack of identification.** Some employers experience registration problems because workers lack identification or their identification is fake. Workers are reluctant to push for registration in some

cases if they do not have proper identification and will be fired or lose their seniority when it is discovered[10, 18].

- **Concerns over the quality of social health care.** Workers often don't seek treatment at contracted health facilities or do not show their membership card as they believe that they would not be treated well without immediate payment, and they do not want to show their membership card [10].

Pension scheme

- **Administration infrastructure.** The implementation of a national pension scheme faces challenges in building administration capacity, particularly in finding the technical expertise to design and build a contribution and benefits system. There are also data limitations in analyzing the use and sustainability of the pension scheme prior to its launch[10, 17].

6. Conclusion

The NSSF has made considerable progress in expanded coverage throughout the country with increasing numbers of registered businesses, members and contracts with health care providers. That is also true of the provinces of Takeo, Kep and Koh Kong. However, the three provinces remain at different stages of achieving full Employment Injury Insurance coverage of their work force: Koh Kong is considerably above the national average, Takeo is at the national average, and Kep is well below the national average. More information is required to determine whether current coverage rates of the Employment Injury Insurance scheme in those provinces is structural (related to the overall population and business environment) or results from insufficient investment in developing the NSSF in these provinces.

At this point in time, there is insufficient data to report on trends in the implementation of the Health Insurance and Pension schemes.

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