



Social Security Policies for Members affected by the Covid-19 Pandemic

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Country overview:

Area: 236,800 Km²

Population: 7,338,000

GDP per capita: 2,595 USD

Life expectancy: 67 Years

Labour force participation rate: 40.8%

Social protection spending: 1-2% of GDP

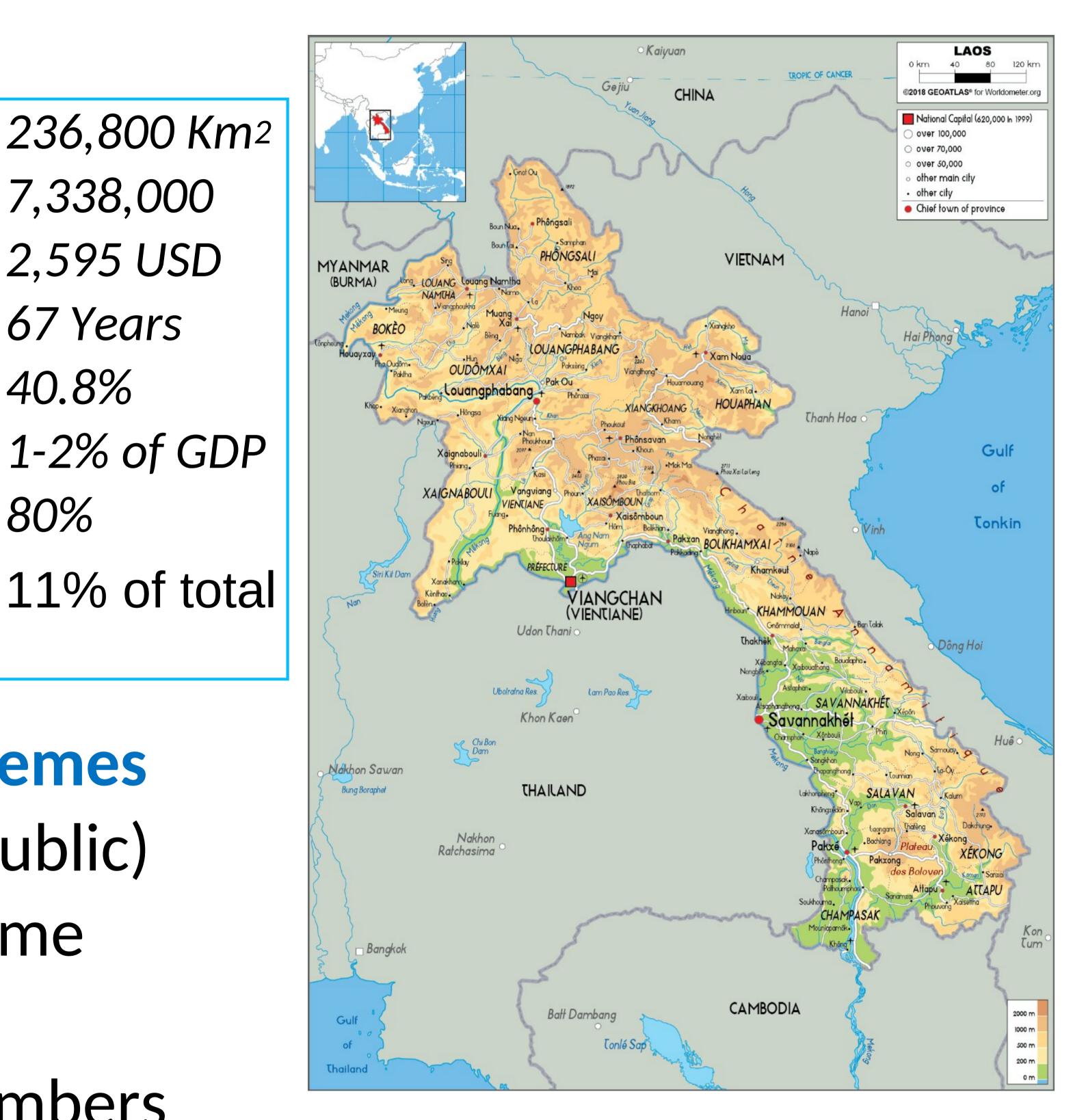
Workers in informal economy: 80%

Social security coverage:

pop

Current social security schemes

- 1. Civil servant scheme (public)
- Formal enterprise scheme (private)
- 3. Voluntarily insured members scheme (self-employed)



Social security system at a glance:

Social security for citizens serving the Party and State
Organizations

Social security for private sector, under Social Security
Organization (SSO)

Public and private schemes merged, under National Social Security Fund (NSSF)

National Social Protection
Strategy

1975

1993

Social security for public sector, under MoLSW

2001

2008

2014

Social security for public sector reformed, under State Authority for Social Security (SASS)

2020

NSSF and Social
Security Department
merged, under Lao
Social Security
Organization (LSSO)

Social Security Schemes & Sources of Fund

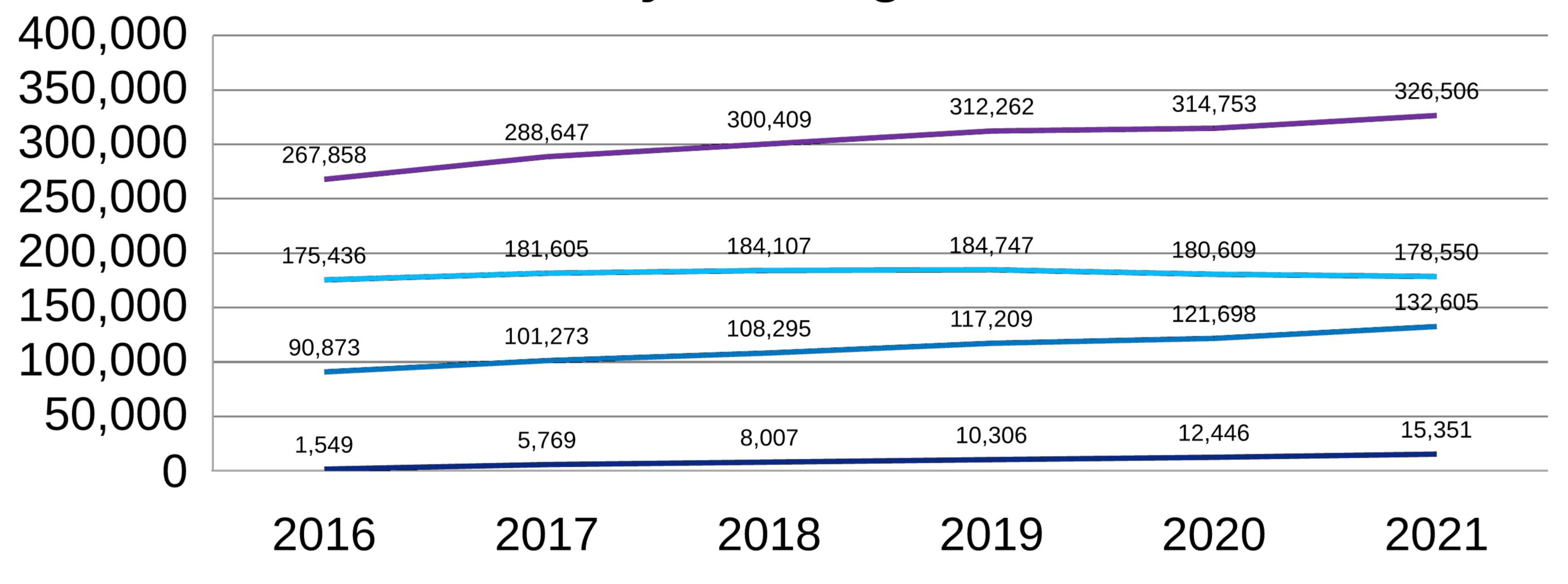
- Public Sector: Contribution rate 16.5%
 - > Contribution from the Gov't (8.5%).
 - Contribution from civil servants (8%)
- Private Sector: Contribution rate 11.5%
 - Contribution from employers (6%)
 - Contribution from employees (5.5%)
- Voluntary scheme: Contribution rate 9%
 - Contribution of informal employee and voluntary insured person (9%)
- Revenues from Investment

Social Security Benefit Funds

Benefit Funds	Public	Private	Self-employed and voluntary
Health insurance	1.5%	1.5%	1.5%
Employment injury or occupational diseases	0.5%	0.5%	
Short-term benefits (Sickness, Maternity benefit and Death grant)		2.5%	2.5%
Long-term benefits (Old-age, survival, invalidity)	12%	5%	5%
Unemployment benefit		2%	
Total	16.5%	11.5%	9%

Social security coverage

Social security coverage, 2016 - 2021



PublicPrivate

Voluntary insured member
 Total

- 1. Unemployment benefits
- 2. Suspension of contribution payment
- 3. Support from germen embassy thought ILO

1. Unemployment benefits:

- > Payment of unemployment benefits (67.92 billion Kips) to 72.641 members (343.836 members) from 1.107 enterprises (3.032 enterprise), in three periods:
 - Mid 2020 60% of average insurable earnings (based on actual days-off)
 - Continue the payment during May July 2021
 - August December 2021, 50% of average insurable earnings

2. Suspension of contribution payments:

- Suspension of the payment of contribution 3 months (2020);
- Postpone of the payment of contribution for 6 from (2021);
- Suspension of the payment of 2 month contribution for voluntary insured members;
- (Members infected by Covid 19 receive medical care and sickness benefits).

3. Income support to garment workers hit by COVID-19.

 Designed to address shortfall in garment orders and closure of factors/suspension of businesses

Challenges

- Compliance is low, many registered enterprises do not participate in LSSO.
- Number of unemployed workers increased during the pandemic and thus,
 LSSO paid high aggregate unemployment benefits, affecting scheme sustainability.
- Many workers are in the informal economy, difficult expand the coverage to these group and formalize them to formal economy.
- High proportion of agricultural workers and rural population, difficult to reach them.
- Low and irregular incomes of such workers makes social security a low priority for them.
- Investment of NSSF funds are limited and need to be improved and expanded.

Opportunities

- During Covid-19, some employees saw members receiving NSSF benefits and this motivated them to find out more about the scheme and become members.
- Social security law will be amended in the next year. The experiences and good practices of other ASEAN countries on how to increase coverage for both mandatory and voluntary workers can provide important lessons for the amendment.

Thank you very much for your attention

Kob Chai Lai Lai!!

