

# Challenges in expanding the social security base in Viet Nam

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# Outline

- Overview of social security participation policies and results
  - Legal stipulations regarding payers to social security and social security benefits
  - Social security participation results
- Opportunities and challenges in expanding the social security contributors base
  - Opportunities
  - Challenges

# Social Security participation

- Policies

- **Compulsory social insurance contributors**

- **Workers:** Vietnamese citizens: (*including contract workers, where there exists a employer-employee relationship, salaried workers*); Cadres, civil servants and public employees
    - Non/-commissioned officers; enlisted career personnel in the armed forces (military or police);
    - **Employers:** businesses, agencies, organizations employing above mentioned employees.



# Social Security participation

- **Voluntary social insurance contributors:**
  - Vietnamese citizens from 15 years of age or older, not subject to the scope of compulsory social insurance contributors.
- Social insurance benefits:
  - **Compulsory social insurance:**
    - Sickness;
    - Maternity,
    - Occupational hazards and accidents.
    - Retirement (Health insurance for retirees);
    - Survivors;
  - **Voluntary social insurance:**
    - Retirement (Health insurance for retirees);
    - Survivors;

# Social Security participation

- Social Security participation

Bảng 1. Số người tham gia, số tiền đóng, bình quân tiền lương tháng đóng BHXH bắt buộc:

Số TT	Chỉ tiêu	Đơn vị tính	Kết quả			
			Năm 2015	Năm 2016 (bắt đầu thực hiện Luật BHXH năm 2014)	Năm 2017	06 tháng năm 2018
1	Số người tham gia	Ngàn người	12.073	12.852	13.591	13.849
2	Số tiền thu	Triệu đồng	147.549.390	174.489.579	197.450.474	98.713.548
3	Tiền lương bình quân đóng BHXH	Đồng/người/tháng	3.832.629	4,298,809	4.595.788	5.038.602



# Social Security participation

Bảng 2. Cơ cấu đối tượng tham gia BHXH:

Số TT	Loại đối tượng	Đơn vị tính	Kết quả			
			Năm 2015	Năm 2016	Năm 2017	06 tháng năm 2018
1	Cán bộ, công chức, viên chức (hưởng lương theo thang bảng lương của Nhà nước)	Ngàn người	3.954	4.159	4.125	4.113
2	Các đối tượng theo HĐLĐ, khác (hưởng lương theo HĐLĐ)	Ngàn người	8.119	8.693	9.467	9.737
3	Lao động làm việc ở nước ngoài theo hợp đồng	Ngàn người				6.000

# Social Security participation

Bảng 3. Đối tượng tham gia, số tiền thu BHXH, thu nhập bình quân làm căn cứ đóng BHXH tự nguyện

STT	Chỉ tiêu	Đơn vị tính	Kết quả			
			Năm 2015	Năm 2016	Năm 2017	06 tháng năm 2018
1	Đối tượng tham gia	Ngàn người	218	204	228	231
2	Số tiền thu	Triệu đồng	825.705	1.121.800	1.207.048	565.512
3	Mức thu nhập bình quân để đóng BHXH	Ngàn đồng/người/tháng	1.436	2.084	2.010	2.179



# Social Security participation

Bảng 4. Kết quả 2017 và Mục tiêu mở rộng số người tham gia BHXH

Năm	Dân số	Lực lượng lao động trong độ tuổi	Tham gia BHXH	Trong đó: BHXH tự nguyện	Ghi chú
2017	93.700.000	48.200.000	13.819.000 <b>(28,7%)</b>	228.000	
2021	98.156.617	50.492.518	17.672.400 <b>(35%)</b>	505.000	
2025	102.092.604	52.517.219	23.632.700 <b>(45%)</b>	1.313.000	
2030	105.220.343	54.126.152	32.475.700 <b>(60%)</b>	2.706.300	



# Opportunities

- **1. Legal framework related to social insurance and related issues**
  - Labor Code; Law on Social Insurance; Law on Health Insurance.
  - Law on Civil servants and public employees.
  - Legal stipulations on salaries
  - 2015 Criminal Code (tax evasion).
  - 2014 Law on Social Insurance gives the Social Insurance agency the power to conduct Social insurance sector-specific inspections.

# Opportunities

- **2. Party resolution on developing social insurance, social welfare**
  - Resolution No. 21-NQ/TW dated 22/11/2012 of the Politburo on strengthening Party leadership in social insurance, health insurance for the 2012 – 2020 period.
  - Resolution No. 28-NQ/TW dated 23/5/2018 of the 7<sup>th</sup> Plenum of the 12<sup>th</sup> Party Congress on reforming social insurance policies: Social insurance is the main pillar of the social welfare system.

*Proof of the strong political commitment to quickly and stably develop the social security, social welfare system*



# Opportunities

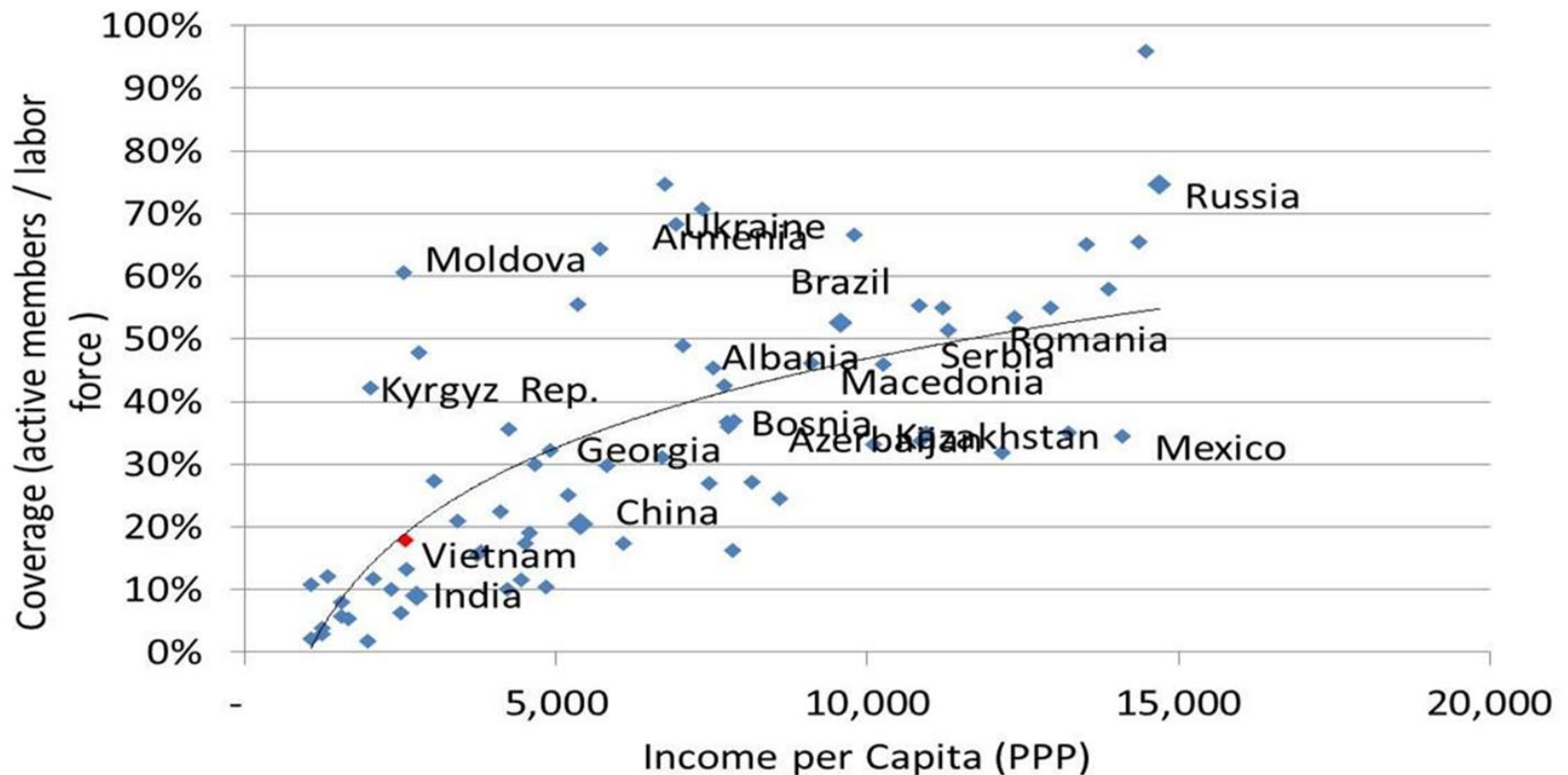
- **3. Results and experience in implementing social insurance, health insurance, and social welfare policies**
  - Health insurance coverage to over 81 million (over 87% of the population), enough funds to cover health insurance check-ups and treatment for hundreds of million of insured visits.
  - Social insurance coverage upto 29%, enough to cover benefits.
  - The government has put in place social assistance policies, strengthening the resilience of social welfare.



# Challenges

- (1) Expand the taxpayers base at a stable rate under constraining financial conditions.
  - Annual average growth must be 1.435.131 persons, resulting in average annual growth rate:
  - For period from 2018 to 2021 of 10-8%/annum.
- From 2022 to 2025 of 7-6%/annum
- From 2026 to 2030 of 6-5%/annum

# Coverage and labor income per capita (World Bank-2014)





## (2) Awareness

- Of the responsibilities of organizations, individuals: Ministries, agencies, People's Committee at various levels.
  - *(Institutionalize this responsibility).*
- Of the responsibilities, duties of employers.
- Of employees
  - *(For voluntary social insurance, awareness of employees taking part in voluntary social insurance is the deciding factor)*



# (3) Observance rate

- In 2017: over 277.000 companies take part in social insurance, out of nearly 600.000 companies in operation (about 50%).
- Limited participation from small and micro-enterprises.
- Outstanding issues:
  - Evasion;
  - Late payments, increasing late payments;
  - Fraud and abuse;
  - Non-compliance with regulations related to work contract, salary.

## **(4) Workers without social insurance are mainly in the unofficial economy, in the agricultural sector**

- A large number of workers take part in voluntary social insurance, hard to manage, low income levels
- The labor force is mainly in rural areas (67% vs cities: 33%).
  - 18 million workers in the informal sector in non-agricultural employment; 22 million workers in the agricultural sector
  - Total 40 million in the informal sector (over 70% of the work force).
- Of the 18 million in the informal sector in non-agricultural employment, only about 23% has a labor contract, of which only 0.2% take part in social insurance.
- Low income: 3.9 million VND/month (compared with 6.7 million)
- Non-agricultural employees work under various types of contracts that are not considered labor contract.



## (5) Ensure all those who work can receive pension or social assistance

There are currently about 6 million people in the age from 45 to 60 that do not take part in social insurance. They will not be eligible for social insurance once they are of retirement age nor for social assistance due to being under 80 years of age. This figure will increase annually as the population ages.

*=> There should be policies in place to ensure that this segment of the population take part in social insurance (compulsory + voluntary)*



## (6) social insurance for those working in overseas contracts

- Roughly 500,000 contracted overseas employees, growing by the hundred thousands annually, in different countries.
- Only about 6.000 are taking part in social insurance. Those who have not taken part may pay a lump sum upon return.
- The management of sending workers overseas is done by DOLAB – MOLISA (Department of overseas Labor – Ministry of Labor, Invalids and Social Affairs.

*There is yet to be an effective social insurance management policy for these workers.*

## (7) Modernizing social insurance management (health insurance, voluntary insurance )

- Developing a centralized database (health insurance, voluntary insurance), interconnected (manage dossiers, registration, providing benefits); develop a census database of health insured.
  - *Costly, lack of experience.*
- Interconnectivity among database for management of businesses, tax, social insurance, health insurance.
- Manage contributors (social insurance, health insurance, voluntary insurance) with a social welfare code.
- Develop and improve internal processes.
- Develop a social insurance agency capable of fulfilling its mission



# Summary

- Experience in quickly expanding social insurance coverage
  - Main factors: role of the state/government, locality.
- Strengthen observance (voluntary social insurance)
  - Main issue: how do businesses fit into the social insurance management picture? How to manage workers not under contracts.
- Implementing voluntary social insurance
  - State assistance.
  - Policy design (voluntary social insurance package benefits, linked with compulsory social insurance);



# Experience sharing and assistance

- Managing overseas workers taking part in social insurance.
  - Main issues: drafting regulations; bilateral, multilateral cooperation in managing social insurance contributors.
- Modernizing management
  - Main issues: Experience and IT assistance, census database development; Social insurance/security number, electronic health insurance card?
- Ensuring that people in the 45 – 60 age group take part in social insurance