Chapter 2

A social protection system under construction

This chapter examines the adequacy of social protection in Cambodia in light of the risks and vulnerabilities identified in Chapter 1. Social protection in Cambodia is well established in legal and policy frameworks, including the Social Protection Policy Framework approved in 2017. While Cambodia has a variety of social assistance, social health protection, social insurance and labour market programmes in place, coverage is low and provision is highly fragmented. The current capacity of social protection to reduce poverty and vulnerability is therefore limited.

Health Equity Funds are emerging as an exception to this situation. These provide relatively high levels of coverage among the poor population and are growing rapidly, thus providing a potential avenue towards universal health coverage.

As Chapter 1 explains, monetary poverty has fallen sharply in Cambodia since the early 2000s. The proportion of poor individuals fell from 63% to 13% between 2004 and 2014 while human development indicators have also shown strong improvement, though there remains considerable scope for further gains. These achievements were largely attributed to the rapid growth of the garment and footwear sector, strong agricultural growth and favourable demographics. Yet despite these improvements, the majority of the population remains poor or vulnerable. Moreover, a number of trends threaten to undo much of the gains achieved in recent years. To what extent are Cambodia's social protection instruments able to address these current and future livelihood challenges?

This chapter examines the adequacy of social protection in Cambodia in light of the risks and vulnerabilities identified in Chapter 1. Adequacy is assessed by looking at both selected supply-side indicators (such the existence of social protection legal frameworks, instruments and programmes; the overall amount allocated to public social protection spending; benefit levels) and demand-side indicators, such as coverage. Particular attention is paid to the extent to which various elements of the social protection system are appropriate for the challenges facing Cambodia and the extent to which they are coherent with each other.

The legal and strategic frameworks for social protection are under development

Informal social protection networks have a long history of alleviating poverty and protecting vulnerable groups in Cambodia, and they continue to play an important role today (RGC, 2011a). However, the upheavals in Cambodian society over the past 50 years – not only protracted periods of conflict but also the process of economic development – have disrupted these networks, even at the family level. As a consequence, a clear role for public intervention has emerged.

The alleviation of poverty and support for vulnerable groups have featured prominently in Cambodia's development plans since 1993, and a range of social protection instruments have been implemented over this period. Poverty alleviation was a cornerstone of the National Program to Rehabilitate and Develop Cambodia (1994), which recognised that rural areas were especially vulnerable and underdeveloped following the events of the previous two decades.

The First Socio-Economic Development Plan (SEDP) (1996-2000) was not only a critical moment in Cambodia's economic development, promoting its

orientation to a market economy and the advancement of the garment sector, but it also established clear priorities in terms of job creation, poverty alleviation and social reconstruction. These priorities were maintained by the Second SEDP (2001-2005), which identified economic and social development as one of three pillars of its triangular strategy, and by the National Strategic Development Plan (NSDP) (2006-2010). The term "social protection" featured in the Poverty Reduction Strategy Paper (2002) and was integrated into the update to the NSDP (2008-2012), during which period the National Social Protection Strategy for the Poor and Vulnerable (NSPS) was approved.

In 2017, the Royal Government of Cambodia (RGC) published a Social Protection Policy Framework (SPPF), which lays the foundation for an integrated social protection system. The main goal of the SPPF, which covers the period from 2016 to 2025, is to harmonise and strengthen existing schemes to increase the effectiveness, transparency, consistency and coverage of the entire social protection system (RGC, 2016). The SPPF is the first policy document of its kind in Cambodia to cover social assistance, social insurance and social health protection, thus providing the basis for the systematisation of various schemes and initiatives. The development of the SPPF was led by the Ministry of Economy and Finance (MoEF) in close collaboration with various line ministries and the Council for Agricultural and Rural Development (CARD).

The SPPF defines six main goals: i) implement a new social assistance programme to expand the coverage of current schemes; ii) expand social security to achieve universal coverage for health and pensions; iii) review and update the institutional arrangements to establish a National Social Protection Council; iv) improve the investment environment for social protection; v) integrate identification and registration systems; and vi) promote citizen understanding of social protection.

The SPPF will look to realise the right to social protection enshrined in Cambodia's Constitution. Article 36 of the Constitution, which was promulgated in 1993, entitles every Khmer citizen to obtain social security and other benefits determined by law. Article 75 commits the state to establishing a social security system for workers and employees. The Constitution recognises specific vulnerable groups, requiring the state to provide support to mothers, children, people with disabilities and families of deceased soldiers. It also commits the state to supporting women, especially those in rural areas, to access employment and medical care, send their children to school and enjoy decent living conditions.

The Labour Law (1997), the Insurance Law (2000) and the Law on Social Security Schemes for Persons Defined by the Provisions of the Labour Law (2002) established the legislative foundation for the rights of workers, including access to social security. High levels of informality and low levels of monitoring have constrained the implementation and enforcement of this legislation. The rights

of women and children have been partially addressed through the Law on the Prevention of Domestic Violence and the Protection of Victims (2005) and the Law on Suppression of Human Trafficking and Sexual Exploitation (2007), although this legislation stops short of the entitlements articulated by the Constitution. Meanwhile, a rights-based approach to social protection is evident in the Law on the Protection and Promotion of the Rights of People with Disabilities (2009).

Various policy action plans and decrees provide a framework for social protection. A National Policy for the Elderly was established in 2003, which identifies the extent of the RGC's responsibilities for supporting the elderly and is currently being updated, while a National Policy for Early Childhood Care and Development was endorsed in 2010. The Labour Law (1997) and Prakas (ministerial decree) No. 106 on the Prohibition of Hazardous Child Labour (2004) identify the kinds of work that are permissible for children at different ages. In 2014, the Ministry of Women's Affairs (MoWA) published a five-year strategic plan for gender equality and women's empowerment.

In 2014, the Ministry of Labour and Vocational Training (MoLVT) adopted the Social Protection Strategy for Persons Defined by the Provisions of the Labour Law Year: 2014-2018. Successive strategic plans for health and education have also articulated the rights of poor and vulnerable individuals to access services.

CARD acts as a co-ordinating body for social protection for the RGC, in particular for social assistance programmes (CARD, 2010). It co-ordinates line ministries and development partners in the framework of the NSPS. As such, it co-ordinates a variety of programmes, including school feeding programmes and scholarships implemented by the Ministry of Education, Youth and Sport (MoEYS); technical vocational education and training (TVET) at the MoLVT; various allowances managed by the Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSVY); and health services provided by the Ministry of Health (MoH).

Social assistance is limited in scope and coverage

Cambodia's largest social assistance programmes are focused on human development and emergency response. Smaller programmes exist for other vulnerable groups but funding levels are very low. Social assistance programmes receive substantial donor assistance but the RGC is gradually scaling up and assuming financial responsibility. Annex 2.A1 provides a detailed inventory.

Human development

Programmes to support the development of Cambodia's children are at the centre of its social assistance provision. School scholarships, implemented by the RGC and donors, are well established. There are run on an unconditional basis but the programmes are only implemented in certain regions, to children in certain grades.

Since 2011, the MoEYS and the World Food Programme (WFP) have implemented different scholarship programmes in selected regions. The programme provides benefits worth USD 60 per year for children in grades 4 to 10 (or aged 9 to 15) from poor households (as identified by the IDPoor targeting mechanism).

The RGC's new SPPF places a high priority on scaling up scholarship programmes. Among other goals, the framework would expand them to more geographical areas, include all grades (1 to 3 and up to grade 12), increase the monthly allowance and gradually expand government financing of these schemes.

An evaluation of CESSP Scholarship Programme showed school enrolment to be very responsive to even modest incentives provided to households, with an observed increase in school enrolment and attendance of approximately 25% (Filmer and Schady, 2009). There was no significant incremental impact on the enrolment rate between receiving an annual grant of USD 45 or USD 60, highlighting the importance of rigorous impact evaluations to inform key design choices, such as benefit levels.

School feeding programmes also exist. As of 2016, school feeding programmes include: i) school meals programmes funded by development partners, primarily the WFP; ii) school meal programmes supported by the RGC; iii) take-home ration programmes; and iv) home-grown meal programmes. Currently, donors fund most of these schemes. However, the RGC plans to take over funding responsibility gradually and expand the programmes to more areas.

The MoH implements a maternal and child health and nutrition scheme. The scheme pays cash transfers to poor mothers and their children aged under two as a means of improving nutrition levels and cognitive and physical development of children, especially during the first 1 000 days of life (from conception) (MoH, 2008). It comprises three pilot projects:

- A programme funded by the World Bank and implemented by the Secretariat of the National Committee for Sub-National Democratic Development (NCDDS) (which ended in 2016);
- A programme funded by the United Nations Children's Fund (UNICEF) and implemented by CARD; and
- A programme funded by Save the Children and implemented by district and commune-level authorities.

The SPPF outlines plans to continue and expand schemes related to maternal and child health and nutrition, with several options considered going forward.

Emergency response

The Emergency Food Assistance Project (EFAP) was established in 2008 to alleviate the food insecurity of 500 000 poor and vulnerable individuals

following sharp increases in global commodity prices. The higher prices helped to reduce poverty among Cambodian farmers who were net producers of crops but the negative impact on net consumers of crops was severe. The scheme is majority funded by grants and loans by development partners, including the Asian Development Bank (ADB), WFP and Global Agriculture and Food Security Program. The RGC also contributes to the financing of EFAP, which is managed through the MoEF.

The EFAP is now coming to an end. Originally planned for 2010-14, the RGC extended and expanded the project to include other programmes, such as the cash-for-work (CfW) and food-for-work (FfW) programmes and scholarship programmes targeting poor households. The RGC has sought to institutionalise the programme through the establishment of the Cambodia Food Reserve System (FRS), which was established in 2012. The MoEF will manage the scheme while the National Committee for Disaster Management (NCDM) will co-ordinate its implementation nationwide.

The RGC makes emergency relief funds available on an ad hoc basis but relies heavily on humanitarian aid. The MoSVY receives an annual budget allocation to support initiatives assisting victims of natural disasters and other vulnerable groups. However, it remains heavily reliant on external emergency relief in the event of a natural disaster.[1] The support provided by donor partners is not solely financial; an NCDM directive of 2010 integrates the Red Cross of Cambodia into the RGC's emergency response plans at the local level (RGC, 2014).

In 2015, the RGC launched a programme called Reducing the Vulnerability of Cambodian Rural Livelihoods through Enhanced Sub-national Climate Change Planning and Execution of Priority Actions. This initiative aims to reduce the vulnerability of rural Cambodians, especially land-poor and/or female-headed households, through investments in small-scale water management infrastructure, technical assistance to resilient agricultural practices, and capacity-building support for improved food production in home gardens. This four-year programme started in 2015 and is being implemented by the Ministry of Environment (MoE) and the NCDD-S, with support from the United Nations Development Programme (UNDP), in ten districts of Siem Reap and Kampong Thom.

Vulnerable groups

Public care facilities – a last resort for the most vulnerable children – are being scaled back. Some 11 788 children under the age of 18 (including orphans, as well as child victims of trafficking or sexual exploitation) lived in residential care across the country in 2015 (UNICEF, 2016). Local authorities play an important role in targeting and referring these children to residential care facilities. However, these institutions operate in an under-regulated and poorly monitored environment, often to the detriment of vulnerable children (UNICEF, 2011).

The RGC favours family- and community-based care and considers residential care a last resort for orphaned or abandoned children. In accordance with the Alternative Care Policy, the RGC plans to reduce by 30% the overall number (both public and private) of residential care facilities by 2018, at the same time strengthening home-based care systems to reduce demand for these types of facilities. This transition in the care model requires that a mature foster care system be in place; the absence of this raises concerns for the situation of vulnerable children in the interim period.

A social pension does not exist in Cambodia at present. However, the elderly receive support through associations that bring the elderly in small communities together, providing various services, such as health training and home visits, work opportunities, social activities and training in accessing benefits (HelpAge International, 2010). The cost of this programme is minimal. As indicated in the new SPPF, the RGC is considering cash transfers as an elderly allowance to complement and support better access to health care services and to partly subsidise basic daily expenses.

The RGC established a disability allowance in 2013 with a total budget of USD 1 million. The programme is intended to provide a monthly allowance of USD 5 to individuals with disabilities who are poor, elderly or without family support. However, there have been significant challenges in disbursing this fund.

Coverage

Social assistance coverage is extremely low. Despite limited official data on social assistance programmes, it is possible to make conservative estimates of coverage rates for certain programmes based on the Cambodia Socio-Economic Survey (CSES). However, important discrepancies exist between administrative data and coverage rates from household surveys: administrative data for 2014 indicated a scholarship coverage rate of 5% for school-age children, while the 2014 CSES indicated that about 2.3% of households with at least one child attending school received a scholarship, either from the RGC or from non-governmental organisations (NGOs).

The low coverage is partly by design. A large majority of social assistance programmes – whether funded by the RGC or donors – are means tested and employ the Identification of Poor Households Programme (IDPoor) system to target poor households (Box 2.1). Social assistance also has a heavy rural bias: most of the programmes are aimed principally at rural areas and, as a result, the IDPoor system is mostly applied in rural areas as well.

However, the low social assistance coverage also reflects the fact that, as noted above, the sector comprises a number of small, uncoordinated schemes (or pilot schemes) with different implementers and different sources of finance. A single, nationwide cash transfer does not exist for any group.

Box 2.1. **IDPoor is enhancing poverty reduction through better identification**

The IDPoor Programme was established in 2011 as an integral part of the RGC's efforts to reduce poverty through better identification. Sub-Decree No. 291 on the Identification of Poor Households tasks the Ministry of Planning (MoP) with co-ordinating and monitoring the identification of poor households.[2] The decree also commits the MoP to providing technical guidance to relevant government institutions, non-governmental organisations and local communities taking part in the identification of poor households, as well as collecting, analysing and disseminating data. According to the sub-decree, the procedures and methodologies for IDPoor differ for rural and urban areas, although the IDPoor programme has until recently overwhelmingly targeted rural populations.

The process of identifying poor households places great emphasis on transparency. The IDPoor Programme is implemented according to a well-developed procedure, from the MoP through to the village level (see Annex 2.A2 for rural IDPoor indicators and procedure). A group of village representatives score and categorise households as poor, very poor or non-poor. "Poverty" is not defined in terms of income but according to broader measures of deprivation, which is appropriate given that multi-dimensional poverty is more prevalent than monetary poverty, as discussed in Chapter 1 (NIS, MoH and ICF International, 2015; NIS, 2014).

Households categorised as "poor and living below the food poverty line" (corresponding to an IDPoor 2 level) or as "poor and living above the food poverty line" (IDPoor 1 level) receive an Equity Access Card, which enables them to access a variety of programmes and services. The household can provide feedback during a consultative village meeting and file a grievance with the Commune Council if unsatisfied with the updated categorisation, a built-in process that makes the IDPoor database a corroborative, transparent and granular register, although no official statistics have published at this time regarding the success of grievance procedures.

In 2015, the RGC conducted the first field test of the questionnaire for urban areas in Phnom Penh, Khan Tuol Kork and Sangkat Boeung Saland. Data collection for the first round of urban IDPoor is currently on-going. Both the rural and urban IDPoor questionnaires include income and asset variables to determine household poverty levels. The urban questionnaire, however, adds specific criteria, namely illness, injury, disability, education and debt. Relative to other vulnerability factors, it gives severe illness and disability high importance in the scoring system (up to 15% of the total score, compared with up to 6% for lack of education/children not attending school, and up to 4.5% for household debt). The urban IDPoor Programme will include activities to increase awareness and participation (Deutsche Gesellschaft für Internationale Zusammenarbeit [GIZ], 2016).[3]

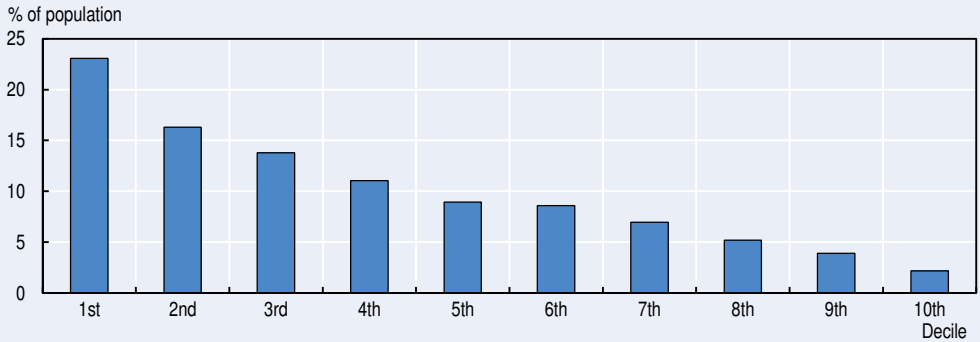
Box 2.1. **IDPoor is enhancing poverty reduction through better identification** *(cont.)*

The IDPoor Programme identified approximately 20% of the Cambodian population as poor (NIS, 2014). Figure 2.1 illustrates the distribution of IDPoor cardholders by consumption decile according to the 2014 CSES. Less than half of IDPoor cardholders are classified as poor using the national definition (per capita consumption under poverty line of KHR 149 524 in real 2009 prices in 2014), while more than half of those targeted by IDPoor fall under the national non-poor but vulnerable definition (1.5 times the national poverty line).

The cost of implementing IDPoor, including the identification and enrolment of poor individuals, was estimated at USD 581 per village or USD 2.8 per individual in 2012 (Chantum, 2012). See Annex 2.A2 for village-level rural IDPoor indicators and procedure.

Figure 2.1. **The IDPoor system is effective at targeting the poor**

Distribution of IDPoor beneficiaries by consumption decile, 2014



Note: The deciles of household consumption per capita in 2014 Cambodian riel (KHR) are defined according to the following cut-offs: 131 675 / 157 611 / 181 599 / 203 509 / 228 697 / 258 686 / 294 930 / 352 555 / 456 316.
Source: Authors' calculations based on NIS (2014), *Cambodia Socio-Economic Survey 2014*, available at *nada-nis.gov.kh/index.php/catalog/CSES*.

Approximately 90% of those targeted by IDPoor are classified as poor or vulnerable by CSES data and national thresholds. Assuming a similar distribution between beneficiaries and benefits of the IDPoor cardholders, the targeting performance is on par with that of conditional cash transfers in Jamaica and Paraguay and performs slightly better than Colombia's Familias en Acción programme (World Bank, 2015). However, since Cambodia's number of poor and vulnerable stands at approximately 7.3 million people, compared with IDPoor's coverage of 3 million, the programme excludes significant numbers of poor and vulnerable individuals.

The expansion of IDPoor to cover urban areas would significantly improve the situation for the households living in poverty in urban areas by integrating them into the social protection system.

Social health protection is at the forefront of social protection

Universal health coverage (UHC) is an explicit goal of the SPPF. In order to achieve this, the RGC intends to consolidate and expand the Health Equity Funds (HEF) and to enrol formal sector workers in social health insurance, which has recently been rolled out at scale.

Active since 2000 and expanded to all referral hospitals and most health centres in 2015, HEF have significantly improved access to health care services for poor and vulnerable households and lowered out-of-pocket health expenditure (Bigdeli and Annear, 2009; Ensor et al., 2017). A study looking at a subset of districts concluded that HEF have reduced out-of-pocket expenditure for health by 35% on average and by 42% for the bottom two quintiles of the income distribution (Flores et al., 2013).

HEF are non-contributory arrangements that are financed partly by the RGC and partly by donors. HEF directly reimburse to the relevant facility the costs associated with service uptake, including direct health care services and prescribed medication. They also cover costs associated with accessing these services (such as transportation and caregiver support). The HEF operational model has undergone some developments in recent years, notably regarding its promotion and verification elements.

HEF are targeted at poor individuals through either a pre-identification or a post-identification mechanism. In the case of pre-identification, households identified as poor by the IDPoor database (Box 2.1) receive an Equity Access Card, which qualifies them for free health care. HEF cover approximately 2.9 million people who hold IDPoor Equity Access Cards, representing just under 20% of the population (Annear et al., 2016). In the post-identification process, health care facilities identify patients that seek treatment as "very poor", "poor" (both eligible for fee exemption) or "non-poor" (not eligible) using a simplified form provided by the MoH. Each post-identified individual receives a Priority Access Card, which is valid for a period of one year.

The post-identification mechanism can limit errors of exclusion from the system. However, by mostly targeting the IDPoor Equity Access cardholders, the programme risks excluding other vulnerable groups, including individuals with chronic diseases or terminal illnesses, those near poverty (many of whom work in hazardous environments) and the urban poor. As a result, a large proportion of Cambodians are at risk of falling into poverty when they suffer a health shock because they are forced to rely on out-of-pocket payments to finance their treatment.

Even for those covered by HEF, non-financial barriers remain. Only 26% of HEF beneficiaries sought health care in the public sector, meaning that they instead rely on (potentially expensive) treatment in the private sector. Also, those covered by HEF had only 0.54 visits to health centres per year compared to 0.66 in the total population (Annear et al., 2016). This tendency is likely to reflect

various factors, including physical or socio-economic barriers to accessing public health services as well as concerns about the quality of medical services in facilities covered by HEF and awareness of entitlements among beneficiaries (Fernandes Antunes and Jacobs, 2016).

Other social health protection measures in Cambodia include a user-fee exemption policy and Community Based Health Insurance (CBHI) schemes. The nationwide user-fee exemption policy for poor households has been only partially implemented because of budget constraints and gaps in modalities for channelling waiver reimbursements to facilities (ILO, 2012; WHO, 2015).

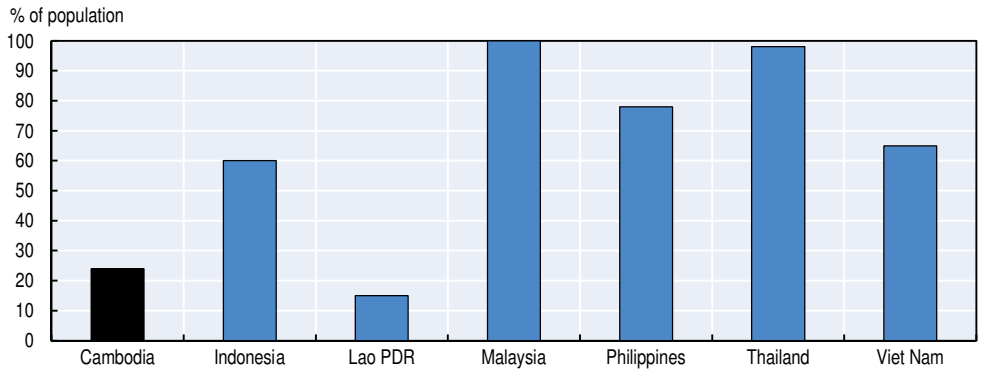
CBHI schemes, meanwhile, have been operational in Cambodia since 1999. They cover members' user fees for access to primary health care at contracted public health centres. CBHI coverage has stagnated at less than 1% of the population and their role has declined in recent years (Bigdeli et al., 2016). Adverse selection[4] in enrolment, low capacity to contribute and a resultant lack of risk pooling are recognised globally as constraints to expansion of CBHI-type mechanisms (Mathaeur et al., 2017).

As of 2012, the number of people included under any social health protection scheme in Cambodia was second-lowest in Southeast Asia (Figure 2.2) after Lao PDR (Van Minh et al., 2014). Thailand has achieved near full population coverage in recent years thanks in part to its Universal Coverage scheme, which covers the poorest 60% of the population, while Malaysia's high population coverage is ensured by a universal entitlement to free or near-free care at the point of service in public health facilities.

It is important to note that population coverage is just one dimension of UHC (WHO, 2010). The concept also includes service coverage (the range and quality of services that are provided) and financial coverage (the level of out-of-pocket payments for individuals who are covered).

Figure 2.2. **Health insurance coverage is low by regional standards**

Coverage of health insurance in SEA (2012)



Source: Van Minh, H. et al. (2014), "Progress toward universal health coverage in ASEAN", available at *http://dx.doi.org/10.3402/gha.v7.25856*.

Large gaps exist in social insurance coverage

Cambodia's social insurance arrangements are poorly developed, even for formal-sector employees. The right to social security is enshrined in the Constitution and the Labour Law (1997) yet workers in the formal sector only have access to a limited range of instruments. However, there are signs that this situation is changing.

At present, the civil service and the military are entitled to statutory pension arrangements but do not have access to health insurance, while formal-sector workers have access to health insurance and employment-injury arrangements but lack a statutory pension arrangement. Workers in the informal sector, who typically endure more vulnerable working conditions, do not have access to social insurance.

Pensions for retirement, death and disability

Cambodia's only statutory pension arrangements are for civil servants and the military: the National Social Security Fund for Civil Servants (NSSF-C) and the National Fund for Veterans (NFV). These arrangements were established in 2008 and 2010 respectively to formalise social insurance coverage for state employees.[5] The NSSF-C covers current and retired civil servants while the NFV provides social security benefits and entitlements to military veterans and current armed forces personnel. Both schemes provide benefits in the event of retirement, death or disability to workers or their dependants (see Annex 2.A1 for benefit details) (MoEF, forthcoming).

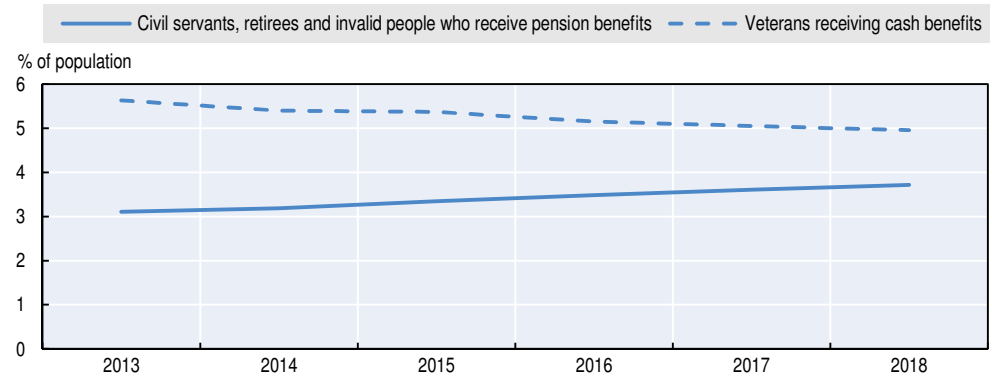
As of 2016, the schemes covered an estimated 180 000 civil servants and 87 500 police and armed forces staff. To date, the fiscus finances all benefits paid by the NSSF-C and NFV. A Prakas issued in 2008 specified contribution rates for the NSSF-C, requiring pension contributions worth 24% of civil servants' salaries, split between the RGC as employer (18%) and employees (6%). However, this has yet to be implemented. The NSSF-C is autonomous but is supervised (and financed) by the MoSVY. The NFV is supervised by the MoSVY too. Both schemes have their own boards of directors, which include the MoEF and the MoSVY.

The SPPF commits to assessing the possibility of operating a pension scheme for workers and employees covered by the Labour Law. Private sector pension provisions are also included in the strategic plan for the Financial Sector Development Strategy 2011-2020 (FSDS). This scheme would include old-age pensions, old-age allowances, invalidity pensions, survivors' pensions and beneficiary allowances (RGC, 2011b). According to the FSDS, the scheme will entitle NSSF members who are 55 years and older to an old-age pension if they have registered with the NSSF in the last 20 years and paid the contribution for at least 60 months within the last 10 years.

Including the NSSF-C and NFV, about 5.1% of households with at least one elderly individual (defined as at least 60 years old) reported having received a pension transfer in 2014, up from 4.4% in 2009 (NIS, 2014, 2009). The NSDP (2014-2018) provides summary indicators on both social insurance coverage and social welfare programmes. The coverage trends (actual and projected) for the NSSF-C and NFV (Figure 2.3) reflect the impact of demographic change and the RGC's plans to expand coverage to all civil servants.

Figure 2.3. **Social insurance coverage is growing as the number of civil servants increases**

Social insurance coverage in Cambodia, select programmes (2013-18)



Source: MoP (2014), *National Strategic Development Plan (NDSP) 2014-2018*, available at *mop.gov.kh/Home/NSDP/NSDP20142018/tabid/216/Default.aspx*.

Replacement rates for retired civil servants are calculated with respect to their basic salary rather than total remuneration. This basic salary accounts for 58% of total remuneration; the balance consists of allowances and risk-related payments. As a result, pensions are low in absolute terms even though replacement rates appear to be high: employees with 30 or more years of service are entitled to a monthly benefit equivalent to 80% of their basic monthly salary, while the replacement rate for those who have worked for between 20 and 30 years ranges from 60% to 80%. Retirement ages vary depending on the history of employment, and are set at 60 for grade A employees, 58 for grade B and 55 for grade C.

Civil servants who lose the ability to work while on duty are entitled to 50-95% of their basic salary. The entitlement for their dependants is set at USD 1.25 per month per child and a slightly higher amount for surviving spouses (ILO, 2012a). The NSSF-C indexes all pension benefits to civil servant wages.

Occupational injury and health coverage

Workers in private-sector companies employing eight or more individuals have been covered by Employment Injury Insurance (EII) since 2008. This

arrangement is financed through employer contributions to the National Social Security Fund (NSSF) equivalent to 0.8% of an employee's salary. EII provides healthcare coverage in the event of injury or illness related to work or following traffic accidents (if suffered on the way to or from work).

The NSSF also pays a benefit equivalent to 70% of a worker's salary in the event of a temporary disability. In the case of a permanent disability, the level of the benefit depends on the degree of disability and a worker's age. If an accident or illness results in the death of a worker, the EII covers funeral costs and provides a benefit to dependants. The EII replaced the previous dispensation whereby employers were directly responsible for medical costs and foregone wages associated with a workplace accident or illness.

The NSSF is responsible for registering formal sector enterprises, collecting contributions and co-ordinating the provision of health services and other benefits to members. The NSSF also issues the required identification code and membership cards to member employers and their employees. Employers are required to provide individual payroll information, including the monthly wage of each employee, to the NSSF and to report any cases of employment injuries no later than 48 hours after they witness or receive information about the incident.[6]

As of 2014, 7 041 enterprises were registered with the NSSF and 1.02 million workers were covered, versus 483 487 workers in 2010. Garment factory workers account for the largest share of the covered population, followed by hospitality workers, who are largely concentrated in Phnom Penh (Hennicot, 2012). In 2015, employers reported 27 916 cases to the NSSF, which disbursed approximately USD 3 million that year, representing a 50% increase in benefit payments from 2014.

According to the Social Protection Strategy for Persons Defined by the Provisions of the Labour Law for the period 2014-2018, the EII faces a number of challenges relating to compliance by employers and employees not possessing the right documentation. Employees have expressed concerns about the quality of health services provided through EII mechanisms.

Social health insurance

The RGC has only recently established a framework for social health insurance, but coverage is growing rapidly. In 2009, the RGC collaborated with Groupe de recherches et d'échanges technologiques (GRET), a French non-governmental organisation,[7] to implement a Health Insurance Project (HIP), with financial support from Agence Française de Développement (AFD). The programme was mainly piloted in garment factories to inform its expansion nationally.

Box 2.2. **The NSSF can serve as the basis for social insurance in the future**

The NSSF was formally established by sub-decree in 2007 under the authority of the MoLVT for technical matters and under the MoEF for financial issues. The NSSF is presently responsible for managing the EII and social health insurance. However, it has been envisaged as the basis for a system of social insurance for private-sector workers since the Law on Social Security Schemes for Persons Defined by the Provisions of the Labour Law in 2002. This legislation empowered the NSSF, a public enterprise, to manage pension and occupational health arrangements, as well as social security mechanisms for "other contingencies".

The Social Protection Strategy for Persons Defined by the Provisions of the Labour Law for the period 2014-2018 establishes four goals for the NSSF, which are reflected in the SPPF:

1. Extending and strengthening the implementation of the employment injury insurance
2. Implementing the processing of the health insurance scheme
3. Implementing the processing of the pension scheme
4. Strengthening governance

The NSSF can build on its success in registering enterprises for the EII in promoting coverage of other social security arrangements. However, the exclusion of businesses that employ fewer than eight individuals means that only a small minority of the workforce will be covered. According to the 2011 Enterprise Census, 80% of enterprises employ just one or two individuals.

In 2013, the MoLVT and the MoEF approved a social health insurance (SHI) roadmap that integrates the Health Insurance Project (HIP) within the NSSF. By the end of 2015, the HIP had registered 11 factories and almost 8 000 employees. In March 2016, the MoLVT launched SHI in two phases: phase one covers members registered for SHI and victims of work injury and their dependants; phase two covers dependants of SHI members. SHI became operational in December 2016 and will at first only cover Phnom Penh and two provinces: Kandal and Kampong Speu (MoLVT, 2016).

Prakas No. 109 of 2016 defines the SHI health benefits and preventive services to be provided by the NSSF. Prakas No. 220 of 2016 specifies the contribution rates for SHI. Contributions are divided equally between employer and employee, with each contributing to the NSSF at a rate of 1.3% of the employee's salary.

Health insurance arrangements for workers outside the NSSF remain limited. However, a royal decree paving the way for health insurance for civil servants has been issued and is expected to take effect in 2017. Private health insurance schemes have become more common since the Insurance Law of 2000 was passed but they are affordable only to higher income earners.

TVET programmes are the main labour market interventions but coverage is low

Labour market policies have been a feature of Cambodia's social protection landscape since the late 1990s, but they have evolved as the needs of the country have changed. Their emphasis has gradually shifted from public works programmes, with a clear focus on poverty alleviation and rural development appropriate for the early years of national reconstruction, to initiatives designed to improve workers' skills and the quality of work. These programmes are suitable in a context where labour participation is high but productivity levels are low, and where a significant skills mismatch exists between the supply and demand for labour.

Technical vocational education and training (TVET) programmes are the most important labour market policy. TVET provides skills training to individuals of working age (18-59) in informal employment who dropped out of secondary school below grade 10 which make up 21.1% of the population in 2014. The MoLVT is the main agency responsible for TVET[8] and is supported in this by donor partners. There are two types of TVET: short/non-certificate courses (one week to four months) and long-term/formal courses (one year or longer). Small loans are also granted for successful TVET participants.[9]

TVET coverage is low given the size of the informal sector and productivity levels in Cambodia. The programme covers around 1.3% of the target population, or 43 000 beneficiaries, per year. The ADB is working with the MoLVT on extending the programme nationwide, improving the quality of the training, introducing formal certification and strengthening the linkages with employers.

TVET courses cover a broad range of sectors, including construction, auto mechanics, electrical works, manufacturing, crop planting and harvesting, food processing and hairdressing. The short course is among the initiatives most aligned to core social protection objectives. Programme authorities select candidates according to IDPoor status and recommendations by local authorities and school administrators. Individuals who complete the training are eligible for microcredit through the Self-Employment Generation Fund and other sources.

The National Employment Policy (NEP) is one of three specific policies through which Cambodia's active labour market policies (ALMPs) will be implemented (RGC, 2015) and is intended to improve the employment prospects of the estimated 300 000 young people entering the labour market every year

(MoLVT, 2013). The NEP, which covers the period 2015-25, was adopted by the RGC in 2015. It has three main objectives: i) increase decent and productive employment opportunities; ii) enhance skills and human resource development; and iii) enhance labour market governance.

Although no data are available to evaluate the impact of TVET, its benefits for participants are likely to be significant, given the characteristics of the Cambodian labour market and in the context of high school drop-out rates. Programmes such as TVET provide an important avenue for skills development, allowing individuals to move into more productive sectors of the economy. TVET schemes are likely a high-return investment, with the potential added benefit of supporting structural transformation. Going forward, TVET schemes should be evaluated to determine their effectiveness.

The National Youth Development Policy (NYDP) recognises youth empowerment as an urgent and cross-sectoral concern. Adopted in 2011, the NYDP places a strong emphasis on employment, education and skills training, and health and youth participation. Rather than establish new policies, the NYDP connects and co-ordinates existing sectoral policies, plans skills-development initiatives that address shortages in skilled labour, such as second chance education, student loans and community centres for youth who drop out or who have a disability. An operational plan (the National Youth Action Plan) is currently being finalised for the NYDP with the aim of better connecting youth with the labour market through employment services and entrepreneurship initiatives (MoEYS, 2015).

The number of TVET graduates tripled from 2009 to 2013, with about 350 000 participants attending training, 93 220 in the academic year 2012/13 alone (MoLVT, 2013). In addition, the MoEYS, with support from donor partners, has implemented various life skills programmes and continuous learning projects for school drop-outs.[10] At least 50 international and local NGOs work to promote youth education, with a particular focus on the most vulnerable and disadvantaged (UNDP, 2009). The MoEYS has also run TVET programmes through three secondary level technical schools.

The CfW and FfW programmes build on a long series of public works schemes. The WFP has implemented public works programmes in Cambodia under the auspices of the FfW programme since the 1990s. Other food-for-work public works programmes are donor-funded, fragmented and small in scale. Donor partners run over 500 such projects each year as part of rural development initiatives but there exists very little information about them.[11]

The CfW programme has two phases. In its first phase, the programme complements machine-based works with labour-based soil works, improving tertiary canals and roads. In its second phase, it provides resources for agriculture, including working capital and some longer-term investments, such

as irrigation pumps, seeds and fertilisers. The CfW programme has created over 2 million work days[12] in a three-year cycle and has run over 400 projects, ranging from rural road development to irrigation canals. Such projects not only create jobs but also serve to build or rehabilitate rural infrastructure, thereby improving access to essential services and boosting agricultural production (MoEF, 2015).

There is no statutory unemployment insurance scheme in Cambodia. Workers employed on contracts of unspecified duration who are dismissed after at least six months of employment for a reason other than serious misconduct are entitled to severance pay from their employer. The quantum of severance pay depends on the worker's salary and length of service. For employment of between six months and a year, workers are entitled to a payment equivalent to seven days of wages and benefits. This rises to 15 days for employment longer than one year, 20 days for more than two years and so on up to a maximum of six months for employment of 20 years or more.

Contract employees are also entitled to severance pay. The exact amount of the severance pay is set by a collective agreement and must be equal to or greater than 5% of the total wages paid during the length of the contract, if no such agreement exists (RGC, 1997).

Women's right to maternity leave is codified in the Labour Law. Employers are statutorily obliged to provide 90 days of maternity leave to employees who give birth; such workers cannot be dismissed while on maternity leave or just before departing on maternity leave (RGC, 1997). Women who have been employed for a year or more with their current employer are entitled to receive half their pay and benefits while on maternity leave. Meanwhile, men are entitled to one day of paternity leave from their employer.

Maternity-related provisions extend beyond maternity leave. For the first two months after returning to work, employers should by law only expect women to perform light work, and for one year from the date of child delivery, mothers who breast-feed their children are entitled to one hour per day during working hours to do so. An enterprise employing 100 or more women must establish a day-care centre within their establishment or nearby for children between the ages of 18 months and three years. The ILO has found a high level of compliance with maternity-related legislation among companies in the garment and footwear sector (ILO, 2012b). However, informal-sector workers are very unlikely to receive the same protection.

Notes

1. Consultations with the MoSVY, 27 February 2016.
2. Sub-Decree No. 291 ANKr. BK, 27 December 2011. See *idpoor.gov.kh/Data/En/Reference/IDPoor_SubDecree_Eng-FINAL.pdf*.

3. See the GIZ (2016) powerpoint on the IDPoor process in urban areas.
4. Adverse selection refers to the phenomenon of individuals expecting high health care costs being more likely to enrol or preferring more generous insurance plans than healthier individuals, resulting in issues of risk pooling.
5. The NSSF-C and NFV were established in accordance with the Law on the Common Statute of Civil Servants (1994), Sub-Decree No. 59 (1997) and Sub-Decree No. 14 (2008). The Law on (Old-age) Pensions and Invalidity Pensions for Soldiers of the Armed Forces, Law on War Veterans, National Disability Law and the Insurance Law all align with provisions under the NSSF-C and the NFV (ILO, 2012).
6. See the NSSF website at *nssf.gov.kh/default/language/en/*.
7. An international development NGO governed by French law.
8. Until 2004, TVET was overseen by the MoEYS. In 2005, this oversight was moved to the MoLVT, although the MoEYS still retains some involvement in TVET through secondary education technical schools. Even the MoWA has been involved in delivering some kinds of TVET for women (World Bank, 2010).
9. Consultation with the MoLVT, 24 February 2016.
10. Interviews with a MoEYS official, February 2015. Few concrete details on actual activities are available.
11. See Annex 2.A1 for an inventory of several such social programmes.
12. Consultation with the MoEF, 2016.

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ANNEX 2.A1.

Inventory of Cambodia's social protection programmes

Table 2.A1.1. **Social assistance programmes for emergency response**

Category	Programme/Scheme	Type and value of transfer	Eligibility	Coverage	Ministry/Agency
Emergency	Emergency Food Assistance Project	Food; ..	Food insecure households: IDPoor 1 and 2 affected by food price crisis	Beneficiaries: 500 000 Provinces: 10 Districts: 33 Communes: 100	Ministry of Economy and Finance (MoEF)
	Food Reserve System	Food; ..	Food insecure households affected by natural disasters	Nationwide	MoEF/ National Committee for Disaster Management
	Social interventions for emergency and relief	Food; ..	Households affected by natural disaster and other vulnerabilities	Provinces: 2 Beneficiaries: approximately 15 000	Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSVY)
	Cash-for-work programme	Cash; on average USD 5 per work day	Food insecure households affected by natural disasters	The first phase of the programme (ended in 2012), created 2 million work days; sustaining temporary jobs in a three-year cycle	MoEF
	Reducing the vulnerability of rural Cambodian livelihoods through enhanced sub-national climate change planning and execution of priority actions	Cash; ..	Poor households	Provinces: 2 Beneficiaries: close to 15 000, about 4 000 of whom are poor/ vulnerable women	MoE/Secretariat of the National Committee for Democratic Development, (NCDD-S)

Table 2.A1.1. **Social assistance programmes for emergency response** *(cont.)*

Category	Programme/Scheme	Type and value of transfer	Eligibility	Coverage	Ministry/Agency
Human development	Cash transfer for poor families with pregnant mothers/children under five years (U5)	Cash; ..	Pregnant women and U5 children	Women: 2 145 Children: 1 200	NCDD-S/ Council of Agricultural and Rural Development (CARD)
	NOURISH Mother/Child nutrition cash transfer incentive for health service utilisation	Cash; ..	Pregnant women and U2 children	Provinces: 3 Beneficiaries: 300 000	Save the Children District/municipality/ commune
	School food programme	Food; ..	All students in selected schools in rural/remote areas with food insecurity	Provinces: 9 Schools: 1 219 Students: 300 000	Ministry of Education, Youth and Sport (MoEYS)
	Primary school take-home rations	Food; ..	Students in grades 4-6 IDPoor 1 and 2	Provinces: 3 Schools: 765 Students: 6 200	MoEYS
	Home-grown school feeding	Food-for-work/ cash-for-work programme; ..	All students in grades 1-6 in selected schools in rural/remote areas with food insecurity	Schools: 59 Students: 13 000	MoEYS
	Primary school scholarships	Cash; USD 60 per year	Students in grades 4-6 in schools in rural/remote areas IDPoor 1 and 2	Nationwide Schools: 2 934 Students: 79 004 (planned), 77 605 (actual)	MoEYS
	Primary school scholarships	Cash; USD 60 per year	Students in grades 4-6 in schools in rural/remote areas IDPoor 1 and 2	Students: 26 000 (Different areas than the RGC primary school scholarships)	MoEYS
	Lower secondary scholarships	Cash; USD 60 per year	Students in grades 7-9 from poor households	Schools: 809 (out of 1 600) Students: 70 574	MoEYS
	Upper Secondary Scholarship	Cash; USD 90 per year	Students in grades 10-12 from poor households (currently covering only grade 10)	Schools: 120 Students: 3 600	MoEYS
Social health protection	Health Equity Fund(s)	Fee subsidy; ..	Members of poor households with IDPoor cards	Nationwide Recipients: 2.9 million	Ministry of Health (MoH)
	Community-based health insurance	Insurance benefit; ..	Poor and near poverty	Operating Districts (ODs): 21 Members: 117 726	MoH/ Non-governmental organisations (NGOs)
	Voucher for reproductive health scheme	Health service; ..	Women and children from poor families	Provinces: 5 ODs: 23 Cases: 68 276	MoH

Table 2.A1.1. **Social assistance programmes for emergency response** *(cont.)*

Category	Programme/Scheme	Type and value of transfer	Eligibility	Coverage	Ministry/Agency
Vulnerable groups	Social welfare for the elderly	-	Elderly (65+ years)	Provinces: 11 Associations: 358	MoSVY
	Social welfare for families living with disabilities	-	People with disabilities who are poor, elderly or have no supporting families	Beneficiaries: 300 000 (almost 100% coverage)	MoSVY
	Disability allowance	Cash; USD 5 per month	People with disabilities who are poor, elderly or have no supporting families, verified by local authorities	Nominally nationwide	MoSVY
	Social welfare for vulnerable children and orphans	Social service; USD 1.25 per day per child	Vulnerable children and children living in residential care institutions	Nationwide Institutions: 253 Children: 11 017 (to include only the RGC)	MoSVY/ NGOs

Notes: .. = Missing value or not available; - = Absolute zero
* Per year, unless otherwise noted.
** USD = United States dollar; KHR = Cambodian riel.

Table 2.A1.2. **Social protection programmes for labour market policy and employment**

Category	Programme/Scheme	Type and cost of transfer	Eligibility	Coverage	Ministry/Agency
Labour policy and employment	Second chance or informal technical vocational education and training (TVET)	Training; USD* 28 for one week, USD 100 for one year	Young drop-outs from poor households, referred by local and school authority	Nationwide, which includes 36 training institutions, 12 NGO-run training centres, 750 private providers, and 100 000 expected participants	Ministry of Labour and Vocational Training (MoLVT)

* USD = United States dollar.

Table 2.A1.3. **Social insurance schemes summary matrix**

Category	Programme/ Scheme	Type and value of transfer	Eligibility	Coverage	Ministry/ Agency
Old-age pension	National Social Security Fund for Civil Servants (NSSF-C)/ National Fund for Veterans (NFV)	Cash; the minimum benefit is 60% of the final basic salary and allowances (excluding position allowance). The maximum benefit is 80% of final salary for 30 years of service The pension amount is subject to a minimum amount, depending on the salary grade. Retirement allowance is equal to eight months of total final salary	Lifetime pension payable after 20 years of service (minimum) at the normal retirement age of 55 NSSF-C: civil servants, excluding police and armed forces NFV: war veterans, police and armed forces	NSSF-C recipients: about 180 000 civil servants and their dependents NFV recipients: about 87 500 war veterans, police and armed forces and their dependents	MoSVY

Table 2.A1.3. **Social insurance schemes summary matrix** *(cont.)*

Category	Programme/ Scheme	Type and value of transfer	Eligibility	Coverage	Ministry/ Agency
Invalidity	NSSF-C and NFV	Cash; the minimum benefit is 50% of final salary and allowances (not including position allowance). The maximum benefit is 65% of final salary for 30 years of service The pension amount is subject to a minimum amount, depending on the salary grade. For less than 20 years of service, a lump sum benefit is payable equal to four to ten months of total final salary Invalidity allowance is payable equal to six months of total final salary	Lifetime pension payable after 20 years of service (minimum)	NSSF-C recipients: about 180 000 civil servants and their dependents NFV recipients: about 87 500 war veterans, police and armed forces and their dependents	MoSVY
	NSSF (EII)	Cash; a contribution of 3% from employees and 0.8% from employers	Employees of business enterprises with at least eight employees	Enterprises: 7 796 Employees: 1.1 million	MoLVT
Health insurance	NSSF-C and NFV	Insurance benefit	NSSF-C: civil servants, excluding police and armed forces NFV: war veterans, police and armed forces	NSSF-C recipients: about 180 000 civil servants and their dependents NFV: about 87 500 war veterans, police and armed forces and their dependents	MoSVY
	NSSF	Insurance benefit; a proposed contribution of 50% from employees and 50% from employers A contribution rate of 2.4% of insurable earning for medical care and 1.4% for sickness cash benefits and maternity cash benefits	Employees of business enterprises with at least eight employees	Enterprises: 11 Employees: 7 956 (as of 2015)	MoLVT

* KHR = Cambodian riel; USD = Unites States dollar.

Source: ILO (2012a).

Table 2.A1.4. **Other social protection programmes by NSSF-C and NFV**

Benefit type	Benefit details
Sickness cash benefit	Full salary, including allowances for up to three consecutive months of illness and 90% of salary thereafter for up to 12 months, depending on years of service
Maternity benefits	Maternity leave for 90 days at full salary and cash allowance of KHR* 600 000 per child or miscarriage
Marriage allowance	A cash allowance payable at first marriage
Work injury benefits	Medical care, cash benefit at full salary during treatment and convalescence, and permanent invalidity benefits for permanent disability
Death benefits in case of death on mission	Cash allowance of six months of total final salary of the deceased Funeral allowance Survivor pension payable to widow at KHR 6 000 per month and KHR 5 000 per month for each child under 16 years
Death benefits in case of civilian death	Funeral allowance of 12 months of pension of the deceased Survivor pension payable to widow at KHR 6 000 per month and KHR 5 000 per month for each child under 16 years

* KHR = Cambodian riel.

ANNEX 2.A2.

Rural IDPoor: Indicators and identification process

As of 2012, the rural IDPoor Programme methodology has used the following household poverty indicators:

- Housing conditions, including roof, wall, area, house quality and home ownership;
- Size of legally owned residential land and productive agricultural land;
- Main source of income from growing crops, fishing or other activities;
- Animal husbandry, including fish farming;
- Ability to meet food requirements;
- Number of members unable to earn an income relative to total number of members;
- Material goods and equipment;
- Means of transportation;
- Unexpected problems or crises that cause lost income, food shortages, sale of property or incursion of debt;
- Number of children aged 6 to 11 years who missed school and the reasons why;
- Situations that can deteriorate living conditions, such as household head suffering serious disability or chronic disease, exclusively elderly members, live-in orphans, female-headed households with many young children, no members with the capacity to work;
- Situations that can improve living conditions, such as assistance from relatives or other sources of income.

According to the Ministry of Planning, the process for identification of poor households consists of the following seven steps:

Step 1: Establish and train the Planning and Budgeting Committee Representative Group (PBCRG) at the commune level;

Step 2: Establish and train Village Representative Groups (VRGs);

Step 3: VRG compiles list of households in the village, conducts household interviews, considers special circumstances of households; and after a Commune Review Meeting, compiles and publicly displays the first draft list of poor households in the village;

Step 4: VRG conducts village consultation meeting on first draft list of poor households, receives complaints, prepares and displays final draft list of poor households, and submits the list to the Commune Council;

Step 5: Commune Council reviews and approves final list of poor households, sends data to Provincial Department of Planning; and distributes Equity Cards to poor households (after data entry and photography in Steps 6 and 7);

Step 6: Provincial Department of Planning enters all data and household photos into provincial database of poor households;

Step 7: Photography of poor households.