

# Improving social protection and promoting employment

**Presentation First Draft Integrated Strategy Paper  
Steering Group, Phnom Penh, 31<sup>st</sup> January 2012  
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## • Outline

- Status of the Integrated Strategy Paper
- Core messages of CH2 of the current version
- Balancing the two strategies: NSPS/NES
- NES: the main issues
- SP reform: a horizontal + vertical approach
- The governance framework
- Questions for the Steering Group

## • **status of this version of the report**

- The report elaborates upon a number of earlier initiatives...
  - RGCs NSDP Update 2009-13 and Rectangular Strategy ...
  - RGCs NSPS framework
  - ILOs background report on the need for a NES (Muqtada 2011)
  - ILOs Social Protection Expenditure and Performance Review
- The report is still 'work in progress' ...
  - ... the blanc parts will be elaborated following the discussions in the Steering Group

## • Main messages (CHAPTER 2)

- Economic growth needs a ‘social agenda’!
  - social protection, decent work standards ,and sound economic performances can be reconciled – international best practice testifies to this!
- The NSPS needs to be complemented with a NES!
  - there is a need for a National Employment Strategy to complement the NSPS
- The implementation of both (NSPS + NES) needs to be embedded in a sound governance framework!
  - Coordinating social policies and ensuring consistency requires strong professional and (to some extent) politically independent institutions

## • Main messages (CHAPTER 2)

- Basic principles of sound governance
  - Government is capable to act – to enforce legislation, collect taxes and contributions and safeguard the interests of the vulnerable
  - Government should be accountable – procedures need to be transparent and checks and balances need to be in place
  - Government policies must be predictable and consistent
  - The social dialogue has been institutionalized – to voice needs and translate them into policies and to redress conflicts of interest
- When these conditions are not in place, markets will fail to work in the benefit of the vulnerable

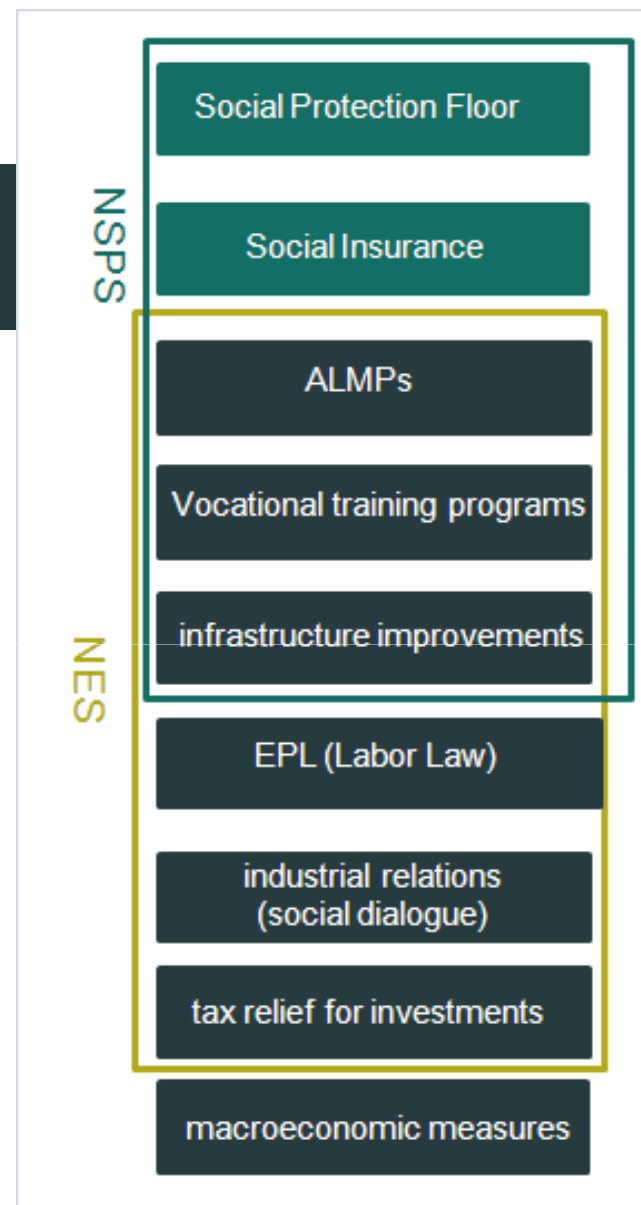
## • Leveling the two strategies...

- The NSPS has been articulated ...
  - The NSPS document is the outcome of a thorough process of consultations and discussions with all stakeholders involved and the RGC has approved/endorsed it
  - It is imperative that the 'momentum' is retained!
- ... whereas the NES is lagging behind
  - Given the need for an integrated SP/ES approach it is required to 'jump start' the process of formulating an NES
- This report, therefore, should have a double focus:
  1. provide some useful guidelines for the articulation of a NES that is also consistent with the strategic documents that have been established (NSPS),
  2. elaborate further the NSPS: now the 'WHAT' has been established, attention should be focusing on the 'HOW' (that is: on the implementation issues)

## • Leveling the two strategies...

### • Scope of the NSPS and the NES

- It is clear that the two strategies need to be coherent to be effective!



## • What are the issues for the NES to tackle? (1)

- The issue of underemployment – the ‘working poor’
  - This relates to the issue of ‘formalizing’ the informal sector
  - The global trend rather seems to be in the opposite direction – international competition affects the position and perspectives of the low-skilled workers
  - International best practice reveals that Labor Standards and social dialogue are effective in countering this trend and + beneficial from an economic perspective
  - Crucial is the right balancing: avoid ‘overshooting’ in terms of EPL in order to keep the labor market sufficiently flexible (as has been the case in the example of Nepal in the report)



## • What are the issues for the NES to tackle? (2)

- Upgrading the skill level of the work force
  - Establishing incentive structure for primary and secondary school enrolment – link with NSPS
  - Promoting and facilitating access to academic ‘engineering studies’ – with a strategic focus (‘diamonds’)
  - Tailoring training programs on sector demand
  - Life long learning programs
  - This requires a coordination structure.  
MOLVT could take the lead in this, other Ministries (Education and Economic Affairs) need to be involved, as well as the Social Partners and the NEA
  - Piloting private provision of employment services under the NEA (?) (Australian model)

## • What are the issues for the NES to tackle? (3)

### • Institutionalizing the Social Dialogue

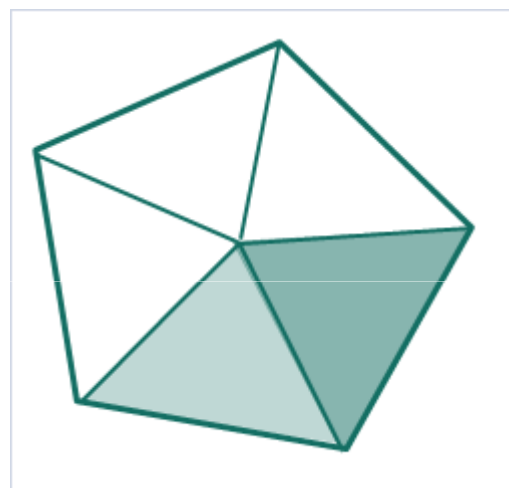
- There needs to be a streamlining of representative bodies!
- For each sector Labor Standards need to be negotiated between a small number of representative workers' and employers' organizations
- These negotiations would include earnings levels, other benefits, SI arrangements and education and training programs
- The resulting Collective Agreements should preferably set a longer-term frame and leave some scope to renegotiate for example the wage levels when economic circumstances would warrant this, without requiring revision of the entire frame
- Upon approval, government should impose the Collective Agreement to the entire sector – this is important to avoid 'free riding'

## • What are the issues for the NES to tackle? (4)

- ‘putting Cambodia’s industrial eggs in more baskets’
  - The current predominant focus on the garments sector is dangerous
  - Experience from the ‘Tiger’ economies reveals that industrial diversification and the establishing of ‘backward/forward linkages’ are imperative
  - ... although, there is no ‘single Asian economic success model’ – Cambodia has to develop and pursue its own path
  - Improving agricultural productivity and developing infrastructure are among the first and highest priorities
  - Again, this requires a coordination structure. tax incentives, regulatory reform, and not least including targeted ALMPs (for example PWPs) are among the areas that need to be firmly integrated and coordinated.

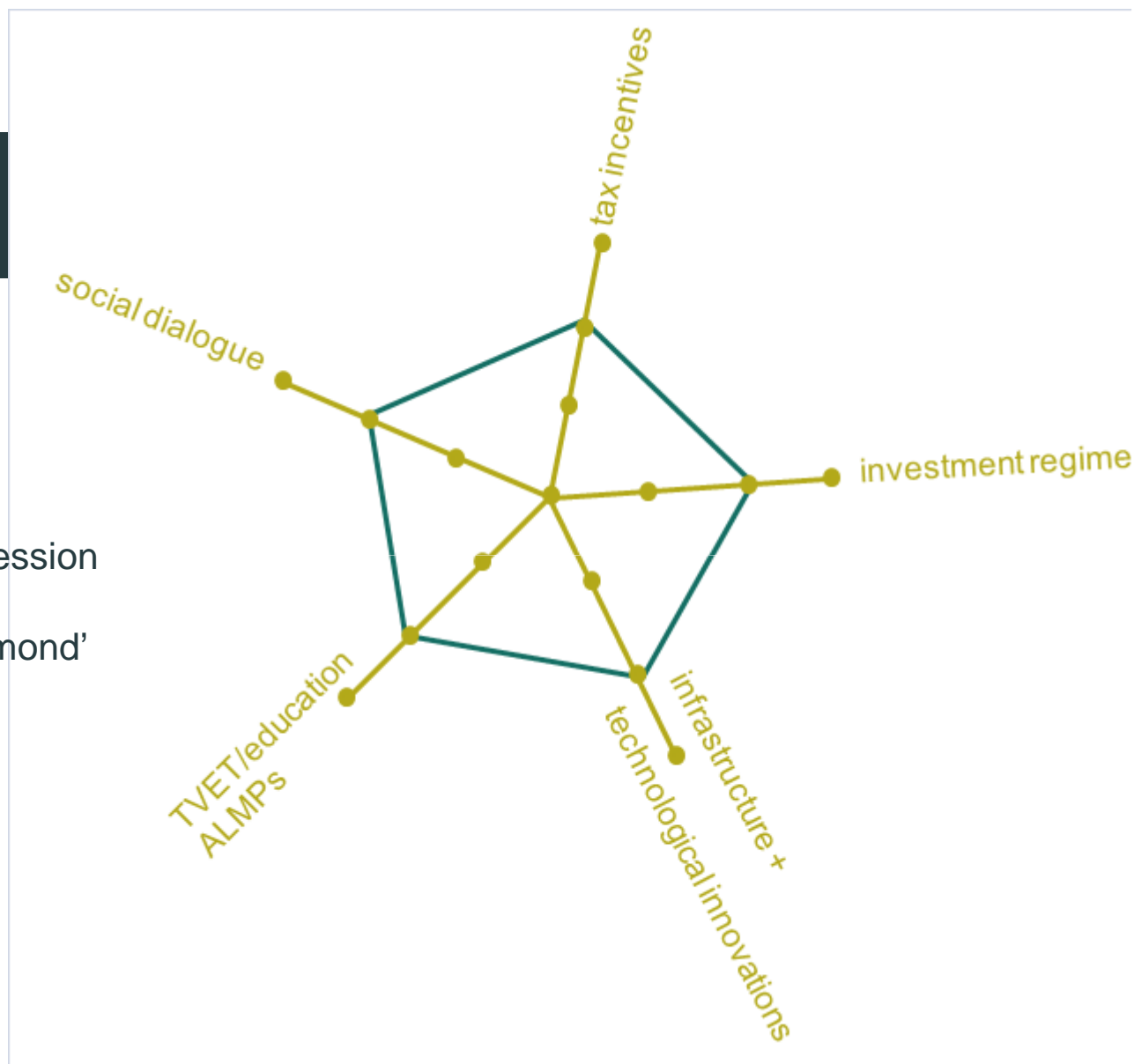
## • Suggestions for the NES (options)

- ‘Growth diamonds’
  - Define which sectors could be Cambodia’s future ‘growth diamonds’
  - This will help to maintain focus and coordinate the various policies related to the formulated objective



## • (continued)

- 'Growth diamonds'
- Targets should be formulated and progression monitored for each dimension of the 'diamond'



## • **Social Protection reform: extending coverage**

- The ‘horizontal’ and ‘vertical’ approach
  - On the horizontal side the main challenge is to streamline existing measures and programs, to identify pockets of uncovered groups , and to set the ambition level (in terms of benefit levels and entitlements)
  - On the vertical side the main challenge is to prioritize the contingencies to be covered (UI, Sickness, Disability/Work injuries , Maternity, Old age Pensions, ...?), and to come up with costing estimates of various packages of SI schemes
  - Then the design of the schemes is the next step: benefit levels, entitlements, contributions rates for workers and employers and government subsidies (if applicable)

## • Social Protection reform: delivery issues

- How to organize an effective (targeted) delivery efficiently?
  - Horizontal programs under local administration (retaining the responsibilities of the Ministries) – at the local level needs tend to be assessed best
  - Several countries operate single offices (one stop shops) at the local level, that combine social services including employment services
  - Vertical programs under professional management (see subsequent slide) but with policy linkages to Social Partners and involved Ministries)
  - Finding and keeping track of the households/individuals in need is the main challenge – lessons from ID poor?
  - Piloting a ‘cash upon registering’ program (links to PEOPLE service)... (?)

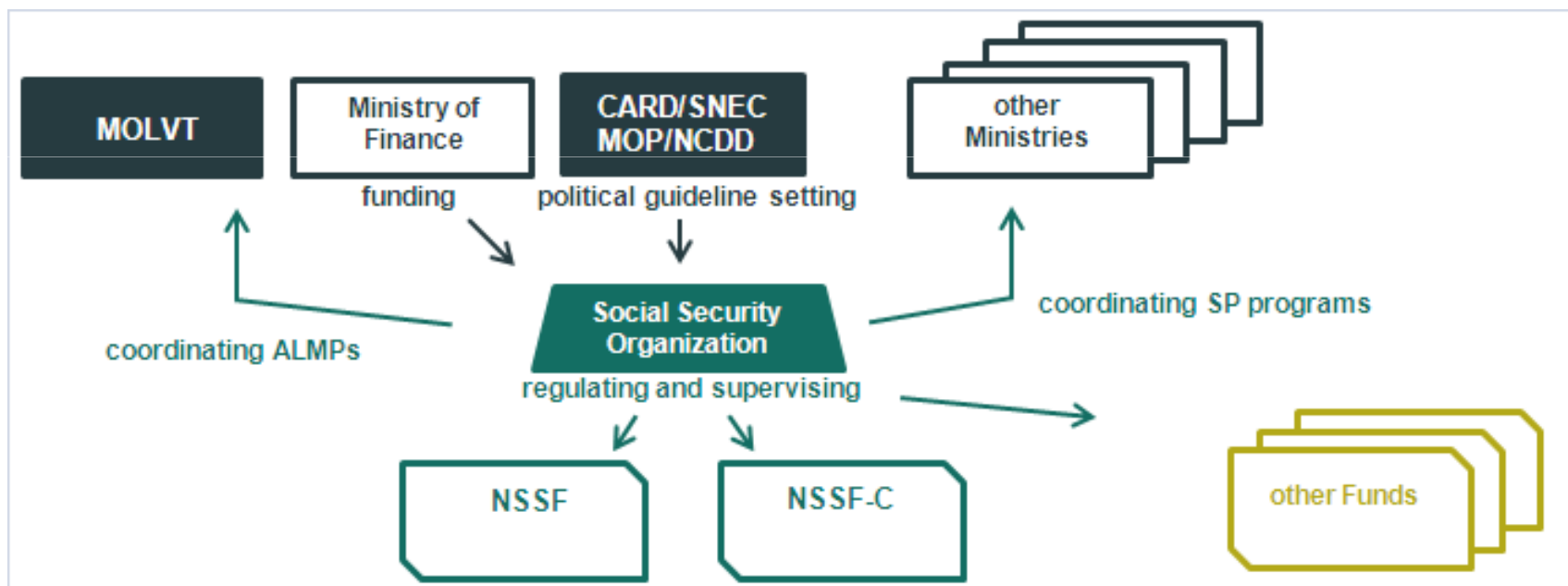
## • **Social Protection reform: governance issues**

- **The need for a ‘regulator’: a National SSO**
  - This ‘SSO’ could coordinate the activities of the NSSF/NSSF-C (slide 13)
  - The organization should be free from ‘politicking’
  - ... however, still reporting to the responsible Minister – this includes setting the broad guidelines and approving the annual budget (plus mid-term reports)
  - On the political level a coordinative role could be envisaged for the Steering Group!
  - Professional management and consultation ties to the major stakeholders (Ministries and Social Partners)



## • Social Protection reform: governance issues

- The governance frame for the National SSO



## • **Questions for the Steering Group**

- **Consent of the Steering Group is sought on the following:**
  - Does the Steering Group agree with the analysis in the report so far?
  - Does the Steering group agree with the direction (the suggestions) such as outlined in the previous slides? Is there sufficient added value in these suggestions to warrant further elaboration?
  - Does the Steering Group want to add elements that need to be elaborated?

## • Discussion items for the Steering Group (1)

- Growth Diamonds:
  - The suggestion to target a limited number of sectors with a coordinated set of policies aiming to create 'growth diamonds' - how does the group think about this?
  - Does the group agree on the five dimensions of the growth diamond: are these indeed the key dimensions of a coordinated strategic policy package?
  - Which would be (say) FOUR priority sectors?
  - Who are the institutional actors that need to be involved?
  - Other suggestions the group wants to make...

## • Discussion items for the Steering Group (2)

- ALMPs (TVET and PWPs, and organizational issues):
  - The suggestion to make SA conditional for the working aged? (that is one can only receive an SA benefit when one is either following education, caring or available for work)
  - The suggestion to link PWP and TVET programs with the 'growth diamonds'
  - The suggestion to provide incentives for students to enroll in technical studies
  - How does the group think of the suggestion to pilot private provision of employment services?
  - Which organization could take the practical lead in this, and what are the checks and balances that need to be organized?
  - Other suggestions the group wants to make...

## • Discussion items for the Steering Group (3)

### • Social Protection Delivery Issues

- The suggestion of a tiered SA benefit with higher benefits for households with school attending children
- The suggestion to pay benefits to adult household members on an individual basis
- The suggestion to provide vouchers for in kind services, such as basic health and education
- The suggestion of piloting 'cash for registering' programs, with the objective to identify and keep track of the individuals and households in need
- The suggestion to link the former program to ID poor/PEOPLE services
- One stop shops at the local level (community level) combining benefit and empl. services
- Other suggestions the group wants to make...

## • Discussion items for the Steering Group (4)

### • Social Protection Governance

- How does the group think of the establishment of an autonomous Regulator? (SSO)
- Should the Minister for Social Affairs retain the political end-responsibility, and should the influence of the Minister be restricted such as proposed in the report?
- Does the group agree that a strong professional academically educated management needs to be in charge of this regulating organization?
- How can the SSO be given a strong mandate towards other Ministries in order to ensure coherence and consistency between the various social programs?
- Can the Steering Group act as the 'political' supervising board for the management of the SSO – who needs to be included for that?
- Other suggestions the group wants to make...