

AVI COMMENTARY

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Cambodia Strives to Improve Its Social Protection System and Achieve Sustainable Development Goal 1

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Social protection refers to a batch of guidelines and programmes developed to eliminate poverty and vulnerability of citizens by improving efficient labour markets, minimising people’s exposure to risks, and increasing their capacity to protect themselves against danger and income loss or disruption.

In the 2030 Agenda for Sustainable Development, social protection is one of the priorities that the United Nations member states have set as a vital means of protecting all people and families against emergencies and market risks throughout the life cycle. All the member states reaffirmed their commitment to ensuring the priority of social protection to achieve various Sustainable Development Goals (SDGs). SDG 1 on “No Poverty” calls for all nations to implement nationally appropriate social protection systems and measures to alleviate poverty and promote prosperity.

This article examines how the Cambodian government has made every effort to improve its social protection system. It then explores the challenges Cambodia has faced. Lastly, it provides some recommendations to assist Cambodia in improving its social protection system and achieving SDG 1.

Cambodia’s Effort to Achieve SDG 1 Through Improving Social Protection System

The Cambodian government acknowledges the significant role of social protection in reducing poverty. It adopted SDG 1 and developed some national policies to achieve the goal. The government established the National Social Protection Strategy (NSPS) in 2011 to protect the poorest and most deprived citizens and lift poor households from poverty by building human capital and expanding opportunities.

In 2007, Cambodia established the National Social Security Fund (NSSF) by a sub-decree intended to manage a social security protection scheme in conformity with the National Law on Social Security and the Provision of Social Security. The NSSF is responsible for providing basic social security to workers in the private sector. In addition, it registers formal sector enterprises, collects contributions, and coordinates the provision of health services and other benefits to members.

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Since its launch in 2008, the NSSF has provided basic insurance to workers in the formal sector enterprises to raise their welfare and secure their livelihoods when they encounter hardship. The NSSF offers three principal schemes for workers: Occupational Risk, Health Insurance, and Pensions. First, the Occupational Risk Scheme provides occupational injury and work-related health coverage for employees in private-sector enterprises employing eight or more workers. Second, the Health Insurance Scheme was officially launched in 2016 to provide workers with a health package to tackle health issues outside the workplace.

In 2017, Cambodia published the Social Protection Policy Framework, 2016–2025 (SPPF), seeking to reconcile and improve active schemes and broaden the social protection system to respond to all emergencies throughout the life cycle. Social Security and Social Insurance are the two main pillars at the core of the policy framework. Social Security includes programmes and schemes seeking to protect citizens from unanticipated income losses. Losses are due to illness, maternity, employment injury, unemployment, invalidity, old age, and wage earner’s death. Social Insurance provides interventions and subsidies for the impoverished and most vulnerable households.

Last, the government just launched the Pension Scheme under the NSSF in 2021. The scheme was created to provide people reaching old age with a decent income from their contributions to the pension scheme during their working years.

In the first quarter of 2022, over 1.6 million citizens have registered as NSSF members under the Occupational Risk Scheme, and nearly 2 million citizens have registered with the Health Insurance Scheme. In addition, during the COVID-19 pandemic, the government supported factory workers who were severely impacted by the pandemic. As a result, the workers received an additional US\$70 per month for three months. Moreover, in 2020, the government implemented a relief programme known as the Cash Transfer Program for Poor and Vulnerable Households to provide cash transfers to 560,000 poor households.

Challenges and Recommendations

Cambodia’s social protection system is still in the beginning phase. Therefore, there are several challenges in implementing the NSPS, the SPPF, and the NSSF. Experts from the National Social Security Fund, the Asian Development Bank, and International Labour Organisation raised some challenges during their participation in the AVI-SDGs Dialogue in March 2022. Despite the growing scope and coverage of social protection schemes in Cambodia, existing arrangements can protect only a minority of the population, mainly formal workers, against life cycle risks. The scope of social assistance and social security is also limited and cannot reach specific groups of citizens who are not protected. Moreover, Cambodia spends only 2.3% of the total GDP on health care and other social protection expenditures, which is relatively low compared to neighbouring countries such as Thailand and Vietnam, which spend 5.9% and 7% respectively of their total GDP.

The experts provided the following suggestions to improve social protection systems and achieve SDG 1 in Cambodia.

1. The Cambodian government needs to expand coverage and adequacy by pursuing a dual but complementary approach to closing coverage gaps that combines social

- assistance and social security tiers. The efforts to extend policy coverage should form part of a national strategy for formalising the labour market.
2. The government should consider increasing social protection expenditure and recognise it as a precursor to system effectiveness. It needs to establish governance arrangements to support this process at the policy and operational levels.
 3. Finally, the government should strengthen the linkages between the social protection sector and other areas of public policy and invest in digital integration of social protection, including single beneficiary and social registries and interconnection with other data sources for routine and shock-responsive social security.

The views expressed are the author's own and do not reflect the views of the Asian Vision Institute.