

Expanding Voluntary Social Insurance Coverage in Vietnam



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ABSTRACT: Expanding voluntary social insurance coverage is one of the important goals of the social insurance system in Vietnam and many developing countries around the world. This study uses a combination of document research methods, traditional statistical analysis methods; synthesize, compare, contrast, and clarify the theoretical basis for the expansion of voluntary social insurance coverage, the legal provisions on voluntary social insurance policies and the current status of voluntary social insurance coverage in Vietnam. Based on the research results, the authors propose some recommendations to improve the policy and organize the implementation of social insurance, aiming to expand the coverage of voluntary social insurance. Recommendations include: financial incentives through participation and support from the Government, adding short-term benefits to the voluntary social insurance program, reforming administrative procedures and boosting investment application of information technology in the management of the social insurance system, and strengthening communication on voluntary social insurance.

KEYWORDS: voluntary social insurance, voluntary social insurance coverage, expanded coverage, Vietnam

1. INTRODUCTION

Social insurance is one of the important policy pillars in the social security system in many countries around the world. In Vietnam, social insurance is considered a basic pillar of social security policy, because it has wide coverage and a stable fund based on the mechanism of creating funds from the contributions of the participants. Resolution No. 28-NQ/TW issued on May 23, 2018, of the 7th Conference of the 12th Central Committee of the Communist Party of Vietnam on reforming social insurance policies stated: "Political reform social insurance policy so that social insurance is really a main pillar of the social security system, gradually expanding the coverage of social insurance firmly, towards the goal of social insurance for the entire population. According to the International Social Security Administration (ISSA, 2018), workers in informal employment in Asia-Pacific countries account for about 60% of their workforce, but the majority not yet participating in social insurance programs. This is the target group that voluntary social insurance programs in many countries have been aiming to expand the coverage of the social insurance system. In Vietnam, voluntary social insurance has been officially applied since January 1, 2008, according to the provisions of the Law on Social Insurance No. 71/2006/QH11 issued on June 29, 2006. The voluntary social insurance program has initially achieved remarkable results in increasing the coverage of social insurance, especially for a part of informal workers. However, so far, the rate of participation in voluntary social insurance is still very limited. According to statistics of Vietnam Social Insurance, by the end of 2021, only about 1,449,820 employees participate in voluntary social insurance, equivalent to about 2.1 percent of the workforce. Expanding voluntary social insurance coverage is one of the important goals in policies to ensure social security in Vietnam as well as in many developing countries around the world. In this study, the authors clarify the theoretical basis for the expansion of voluntary social insurance coverage, the legal provisions of voluntary social insurance policy, and the current status of voluntary social insurance coverage in Vietnam. Based on the research results, the authors propose some recommendations to improve the policy and organize the implementation of social insurance, aiming to expand the coverage of voluntary social insurance.

2. THEORETICAL BASIS

The concept of voluntary social insurance

In many countries around the world, social insurance is considered the basic pillar of social security policy, because social insurance has a wide coverage and stable fund source, based on the mechanism of creating funds from contributions of the parties involved. According to the Social Protection Floor (SPF) model of the International Labor Organization (ILO), social insurance includes a compulsory social insurance program and a voluntary social insurance program. Voluntary social insurance has been applied in many countries around the world (such as the US, Poland, Finland, China, Thailand...); at the same time, many countries have

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succeeded in expanding social insurance coverage through the development of voluntary social insurance programs (such as Indonesia, Malaysia, Mongolia, Australia, China, Japan...). The concept of voluntary social insurance and the regulations on the payment/benefit regime have certain differences in different countries. However, in general, voluntary social insurance is a social insurance program based on the voluntary contributions of employees, voluntary social insurance is the social insurance policy of the State in order to realize the common social security goals of each employee nation. The voluntary social insurance scheme in each country can include many different regimes, of which the most basic is the retirement system; In addition, it may include other social insurance benefits such as sickness, maternity, and occupational accident...

In Vietnam today, according to the provisions of Law on Social Insurance No. 58/2014/QH13 promulgated on November 20, 2014, the social insurance system includes three programs: compulsory social insurance, voluntary social insurance and supplemental pension insurance. The concept of voluntary social insurance according to Law on Social Insurance No. 58/2014/QH13 is as follows: "Voluntary social insurance is a type of social insurance organized by the State in which participants can choose the payment rate and payment method suitable to their income and The State has the policy to support social insurance contributions for participants to enjoy retirement and survivorship regimes".

The concept of voluntary social insurance coverage

The concept of coverage is a multidimensional concept, which can be applied to social security in general and to specific areas in the social security system such as social insurance, health insurance, etc. Approaching from the ILO point of view, Long, G. T., & Thu, D. T. (2020) have introduced the concept of coverage which includes three elements: scope, extent of participation and benefit level. Accordingly, the concept of social insurance coverage can be approached from two aspects, that is (i) statutory social insurance coverage (legal coverage/statutory coverage: is the concept to determine the scope of coverage protection, size of participation and benefit level as provided in the current law on social insurance) and (ii) effective social insurance coverage or effective social insurance coverage: is a concept to determine the scope of protection, participation scale and benefit level achieved by the social insurance system according to reality). Applied in this article, the concept of voluntary social insurance coverage is approached from two aspects: statutory voluntary social insurance coverage and effective voluntary social insurance coverage or coverage actual voluntary social insurance.

Expanding voluntary social insurance coverage

According to Schmitt, V., & De, L. (2013), there are two methods to expand social insurance coverage, namely: (i) expanding horizontal coverage is expanding the participants social insurance and (ii) extending coverage vertically increases the level of protection for participants.

In Vietnam, the Vietnam Social Insurance Agency has determined a reasonable goal and roadmap, taken specific steps and appropriate solutions to implement the guidelines and guidelines of the Party and State in opening Expanding the target audience of social insurance has achieved the goal of social insurance for the entire population. These goals are clearly expressed in Resolution No. 28-NQ/TW of the 7th Conference of the Central Committee of the Communist Party of Vietnam, term XII on reform of social insurance policies, issued on 23rd of May 5 in 2018: by 2021, strive to reach about 35% of the labor force of the age group to participate in social insurance, of which farmers and informal sector workers participating in voluntary social insurance account for about 1% of the labor force in the age group; by 2025, strive to reach about 45% of the labor force of age to participate in social insurance, of which farmers and informal sector workers participating in voluntary social insurance account for about 2.5% labor force in age; by 2030, strive to reach the rate of 60% of the labor force of age participating in social insurance, of which farmers and informal sector workers participating in voluntary social insurance account for about 5% of the workforce number of workers in the age group.

3. METHODS

The authors used the method of researching documents to systematize the theoretical basis of the research topic, using the method of collecting data from secondary sources of documents from other agencies and organizations. The main sources are Data from the General Statistics Office on the labor and employment situation, annual reports of Vietnam Social Insurance on the management and use of social insurance funds; the system of legal documents on social insurance being applied in Vietnam, and other sources to the research topic. To clarify the legal provisions on voluntary social insurance policy and the status of voluntary social insurance coverage in Vietnam, the authors use a combination of traditional statistical analysis methods to synthesize and compare, compare, and draw conclusions. From secondary data, the authors use basic mathematical methods to calculate several indicators reflecting statutory and actual coverage of voluntary social insurance, such as the number of regimes/benefits that participants of voluntary social insurance are entitled to, the rate of participation in voluntary social insurance (calculated as a percentage of the number of participants of voluntary social insurance over the total number of subjects eligible to participate),

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Social insurance coverage (calculated as a percentage of the number of people participating in voluntary social insurance over the total workforce).

4. RESULTS

In Vietnam, the form of voluntary social insurance was prescribed for the first time in the Law on Social Insurance No. 71/2006/QH11 issued on June 29, 2006, officially implemented in 2008, in order to create opportunities for all workers in the informal sector are entitled to participate in social insurance. From January 1, 2016, the voluntary social insurance policy is implemented by the provisions of the Law on Social Insurance No. 58/2014/QH13 issued on November 20, 2014. The implementation of the voluntary social insurance policy in Vietnam is as follows:

Regulations on subjects participating in voluntary social insurance

According to the provisions of Article 2 of the Law on Social Insurance No. 58/2014/QH13 and guiding documents, participants in voluntary social insurance are Vietnamese citizens aged full 15 years or older and are not eligible for participation in social insurance compulsory social insurance by the law on social insurance. Thus, the subjects participating in voluntary social insurance according to the provisions of the Law on Social Insurance No. 58/2014/QH13 have been expanded more than the provisions of the Law on Social Insurance No. 71/2006/QH11 (previously, the subjects participating in the voluntary social insurance) volunteer to be Vietnamese citizens of working age, not subject to compulsory social insurance).

Regulations on voluntary social insurance contributions

According to the provisions of Article 87 of the Law on Social Insurance No. 58/2014/QH13, from January 1, 2016, the monthly voluntary social insurance premium payment rate is equal to 22% of the monthly income selected by the employee to contribute to the retirement and death funds; the lowest monthly income used as a basis for payment of voluntary social insurance premiums is equal to the poverty line in rural areas and the highest is 20 times the basic salary. This regulation has been adjusted compared with the previous provisions of the Law on Social Insurance No. 71/2006/QH11 (This Law stipulates that the monthly income as the basis for payment of voluntary social insurance is at least equal to the general minimum salary, the highest monthly income as the basis for payment of voluntary social insurance is equal to 20 months of the general minimum salary; according to this regulation, the voluntary social insurance premium is still quite high compared to the majority of people in rural areas and self-employed people with low and unstable monthly income).

Regulations on support levels for voluntary social insurance contributions

Since 2018, the State has had the policy to support voluntary social insurance contributions for voluntary social insurance participants, as specified in Article 87, Law on Social Insurance No. 58/2014/QH13 (previously, according to regulations of the Law on Social Insurance No. 71/2006/QH1, there is no state support policy for participants of voluntary social insurance). Accordingly, participants of voluntary social insurance are supported by the State with a percentage (%) of the monthly social insurance payment according to the poverty line of rural areas, specifically: 30% of the payment rate for voluntary social insurance participants belonging to poor households; support 25% of the payment rate for voluntary social insurance participants from near-poor households; support 10% of the contribution rate for other subjects. The support period depends on the actual time of participating in voluntary social insurance of each person, but must not exceed 10 years. Regulations on supporting voluntary social insurance contributions for voluntary social insurance participants along with the adjustment of monthly income as the basis for paying voluntary social insurance to the lowest level equal to the regional poverty line in rural areas in order to expand the participants and increase the coverage of social insurance.

Regulations on voluntary social insurance benefits

According to the provisions of Article 4, Law on Social Insurance No. 58/2014/QH13, voluntary social insurance has the following regimes: retirement, survivorship and voluntary supplementary retirement. In particular, the voluntary supplementary retirement program is a voluntary social insurance policy aimed at supplementing income for fund participants when reaching retirement age in the form of individual retirement accounts, invested and accumulated in accordance with the law. Within the scope of this study, the authors only focus on researching voluntary social insurance schemes based on the contribution mechanism to the general social insurance fund, not mentioning the voluntary supplementary pension scheme. Thus, compared with the compulsory social insurance program in Vietnam being implemented for five regimes (sickness insurance; maternity insurance; occupational accident-occupational disease insurance; retirement insurance, and death insurance), the voluntary social insurance program has only implemented two long-term regimes, without short-term benefits (sickness insurance; maternity insurance; occupational accident and occupational disease insurance). Compared with the system of social insurance regimes mentioned in Convention 102 of the International Labor Organization ILO, the voluntary social insurance program in Vietnam only covers two regimes,

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retirement and survivorship, and lacks sickness, maternity, occupational accident, occupational disease, disability, unemployment and family benefits.

Status of participating in voluntary social insurance

Statistics of Vietnam Social Insurance (Figure 1) show that, after 6 years of implementing the Law on Social Insurance No. 58/2014/QH13, from 2016 to 2021, the number of employees participating in voluntary social insurance increased by 1,245,949 people; Especially, from 2018 to now, the number of people participating in voluntary social insurance has increased rapidly. As of 2021, 1,449,820 people were participating in voluntary social insurance, an increase of 7.1 times compared to 2016; coverage reached about 2.1% of the labor force, exceeding the target set out in Resolution No. 28-NQ/TW (by 2021, striving to reach about 35% of the labor force in the age of insurance participation in which farmers and informal sector workers participating in voluntary social insurance account for about 1% of the working-age workforce). This shows that the policy of voluntary social insurance has been gradually improved, especially the policy of supporting voluntary social insurance contributions for employees has created conditions for many employees to participate in social insurance.

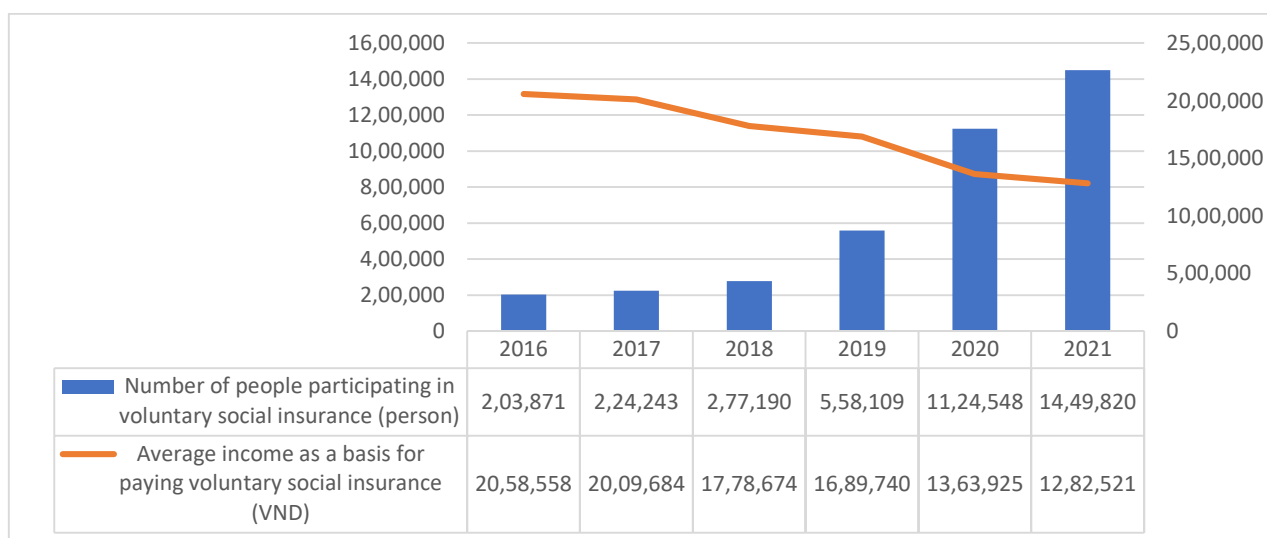


Figure 1. Status of participation in voluntary social insurance in Vietnam

Source: Vietnam Social Security

Along with the increase in the number of people participating in voluntary social insurance, the amount of contributions to the voluntary social insurance fund also increased (Figure 2). In 2021, the voluntary social insurance revenue is 5,674,976 million VND, more than 5 times higher than the voluntary social insurance revenue in 2016.

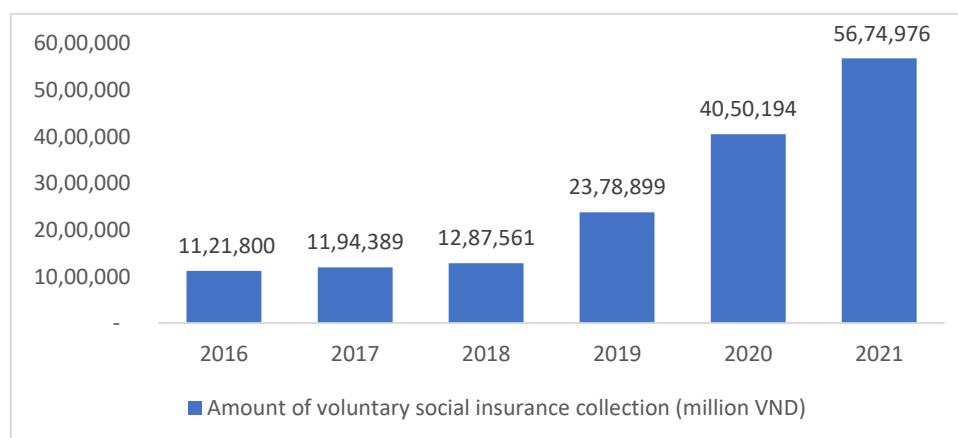


Figure 2. Voluntary social insurance revenues in Vietnam

Source: Vietnam Social Security

Besides the achieved results, the expansion of voluntary social insurance coverage still has many difficulties and limitations. Although the provisions of the current social insurance law in Vietnam have expanded the statutory coverage for informal workers, the actual number of people participating in voluntary social insurance is still very low, and not commensurate with the potential.

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After 13 years of implementing voluntary social insurance (from 2008 to present), by the end of 2021, there are only 1,449,820 participants, only accounting for about 3.7% of the number of insured subjects in a statutory voluntary society, this is a very small number compared to the workforce in the informal sector (which is the main target of voluntary social insurance). This is due to several reasons, some of the main ones being as follows:

First of all, the current voluntary social insurance policy in Vietnam is not attractive, and not flexible, the design of the social insurance policy still has many shortcomings, and has not attracted employees to participate in voluntary social insurance. It can be seen that the object of protection that the voluntary social insurance policy is aimed at is informal workers, who are vulnerable to socio-economic shocks due to unsafe working conditions, income low income, and high working intensity (General Statistics Office of Vietnam and International Labor Organization, 2018). The regulation on voluntary social insurance contribution rate equal to 22% of the selected income is quite high compared to the income level of the vast majority of workers in the informal sector. Although the State has a policy to support voluntary social insurance contributions, the level of support is still low (10% for people other than poor and near-poor households). Meanwhile, in order to enjoy the retirement regime, they must maintain a long contribution period (according to current regulations, participants of voluntary social insurance must pay the full 20 years to receive a pension). On the other hand, the benefits of voluntary social insurance are still inadequate compared to the type of compulsory social insurance (compared to compulsory social insurance, voluntary social insurance participants are not entitled to maternity, sickness, occupational disease and occupational accident benefits), this reduces the benefits of employees participating in voluntary social insurance.

At the same time, the knowledge and awareness of employees about social insurance are still limited. Currently, there is still a large part of employees who are not fully aware of their rights when participating in social insurance to receive pensions and ensure long-term social security. Meanwhile, state management agencies and implementing agencies still lack an overall communication strategy to direct public opinion and provide complete and accurate information. This leads to the situation of disseminating information and explaining policies at the wrong time, lacking information selection, negatively affecting the psychology of employees, and reducing people's confidence in the social insurance system. In the media, communication has not been focused on the role and benefits of participating in social insurance, so many employees lack an understanding of social insurance policies and laws. An inadequate explanation of the meaning and purpose of the new regulations when there are policy changes affects the employees' confidence in the social insurance system. In the condition that the ability to access official information is still limited, unofficial sources on social networking sites have been affecting the psychology of employees.

5. RECOMMENDATIONS

From the above analysis, the authors propose some recommendations for designing, planning and organizing the implementation of voluntary social insurance policies in Vietnam in order to realize the goal of expanding voluntary social insurance coverage.

Firstly, financial incentives through participation and support from the Government. In Vietnam currently, the highest level of support is only 30% of the minimum contribution, so it does not seem to create an incentive for informal workers to participate. Therefore, it is necessary to study and increase the level of support for voluntary social insurance contributions for participants. The experience of some countries in the region (Thailand, China) shows the effectiveness of increasing the coverage of voluntary social insurance of the premium subsidy program. For example, in Thailand, the support levels are 50%, 80% and 100% of the contribution rate for informal workers, respectively, for the age groups under 30 years old, from 30 to 50 years old and over 50 years old (however, this support does not exceed 100 Bath per month); This form of financial support is considered effective for low- and middle-income workers. In addition to policies to support contributions, it is necessary to study additional policies on supporting benefits for special target groups, groups of workers vulnerable to socio-economic shocks.

Second, add short-term benefits to the voluntary social insurance program. The voluntary social insurance program in Vietnam only covers two benefits (retirement and survivorship), compared with the compulsory social insurance program in Vietnam, the voluntary social insurance program lacks three benefits: namely sickness insurance, maternity insurance, labor accident insurance - occupational disease. Informal workers are vulnerable groups to socio-economic shocks due to unsafe working conditions, low income, and high work intensity (General Statistics Office of Vietnam and International Labor Organization, 2018). Therefore, short-term benefits should be added to the voluntary social insurance program to help workers overcome such financial shocks. This adjustment increases the benefits of voluntary social insurance participants, attracting employees to participate in voluntary social insurance.

Third, continue to reform administrative procedures and promote investment in information technology applications in the management of the social insurance system. International practice shows that simplifying the procedure for paying social

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insurance premiums is also a reform orientation to increase the attractiveness as well as improve the compliance level of employees in participating in social insurance. Promote the application of information and communication technology (ICT) in the management of the social insurance system, creating a premise to ensure publicity and transparency in the management of the social insurance fund, creating favorable conditions for employees to access and register, collection and payment of social insurance benefits. The application of information technology in the construction and development of the social security system is a trend in many countries around the world (developed countries such as Germany, France, the United States, Japan, Australia...; developing countries such as the Philippines, Indonesia, Brazil, China, etc.). Vietnam needs to continue promoting investment in information technology applications in social insurance activities, gradually modernizing the social insurance management system; complete the online public service system on the Internet. Using a variety of information channels such as phone, email, social networks, to help employees easily access, more convenient in learning the participation procedures, answering questions... Continue to upgrade the industry's website in a modern and diversified manner, creating conditions for individuals and organizations to easily access information on social insurance and related information.

Fourth, strengthen communication and propaganda on voluntary social insurance. Limited awareness and lack of understanding about social insurance are one of important barriers to the participation in voluntary social insurance of informal sector workers. The practice has shown that disinformation and social marketing have indeed played an important role in expanding coverage of contribution-based social security schemes (Liang and Langenbrunner, 2013). Communication plays an important role in conveying the messages of the social insurance policy to the affected people. To ensure that all citizens can receive information about social insurance, especially informal workers, it is necessary to implement groups of solutions on organizational consolidation, capacity building, presentation of the level of communication staff; effective use of facilities and investment resources for communication work; raising awareness and responsibility of collectives and individuals across the social insurance industry for social insurance policy communication; strengthening direct communication coordination among target groups; improve the quality of effective communication of social insurance policies on the mass media, promote the role of the press agency and the electronic information system of the social insurance industry; promote participation and effective organization of social media activities. Propaganda content should emphasize the superiority of social insurance policies, participating in social insurance is a right but also a responsibility of employees (responsibility to themselves and the community). In propaganda activities, it is necessary to focus on improving employees' understanding of social insurance policies, because this is an important factor in deciding participation in social insurance. At the same time, it is necessary to diversify forms of propaganda, suitable to different characteristics of different groups of workers; combine traditional forms of communication such as issuing impressive, easy-to-understand publications and leaflets about social insurance that can illustrate contribution responsibilities and specific benefits; paste propaganda publications on voluntary social insurance at cultural houses of villages, communes, wards, and townships; increase radio and broadcast time on mass media; at the same time using propaganda channels through popular social networking tools.

6. CONCLUSION

In Vietnam, social insurance is considered the basic pillar of social security policy. Gradually expanding the coverage of social insurance firmly, towards the goal of universal social insurance is one of the important goals that the Vietnamese social insurance system is aiming for; especially expanding voluntary social insurance coverage to the informal economy. This study uses a combination of documentary research methods, data collection methods from secondary data sources, and traditional statistical analysis methods to clarify the system of rationale for expanding coverage. Government of voluntary social insurance, clarifying the legal provisions on voluntary social insurance policy and the current situation of voluntary social insurance coverage in Vietnam. Based on the research results, the authors propose some recommendations to improve the policy and organize the implementation of social insurance, aiming to expand the coverage of voluntary social insurance.

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