Interlinkages Between Systems of Social Protection, Public Services and Sustainable Infrastructure

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Background

• In 2018, a mandate was given by the Deputy Prime Minister of Malaysia to Employees Provident Fund (EPF) and Social Security Organization (SOCSO) to initiate work towards the consolidation of social protection programs in the country.

• The Employees Provident Fund (EPF) and Social Security Organization (SOCSO) – 2 organizations providing social insurance in Malaysia, act as the main coordinators of this initiative.

• Other relevant agencies such as Retirement Fund Incorporated (KWAP), Central Bank of Malaysia (BNM), Khazanah Research Institute and Social Wellbeing Research Centre are also invited as part of the working group to start the preparatory work.

• A national consultation on the blueprint was held on 28 and 29 November 2018 involving relevant ministries and agencies. This was to introduce the initiative and gather their opinions on the direction of the blueprint.
Baseline scenarios of social protection in Malaysia

• Economic growth is at a steady pace but inequality has worsened since 1990
• Absence of a social protection parent policy
• Too fragmented social protection programs with more than 110 programs under more than 20 ministries and agencies
• Inadequacy of assistance and coverage by available programs
• Targeting complexity and high levels of exclusion
Social protection definition

Social protection is generally understood as the combining of social insurance – i.e. contributory forms of social provisioning and social assistance - i.e. transfers covering much of the population, and generally funded by public sources.

Main components of social protection

- **Social Insurance**
  - Social Security Scheme
    - (Contributory Schemes)
    - Old age, sickness and accident, unemployment, maternity, invalidity, old age, and other
    - (ILO Convention 102)

- **Social Assistance**
  - (Non-Contributory Schemes/Programmes)
  - Income security in childhood, working age, old age and universal health coverage
  - (ILO Recommendation 202)

- **Labor Market**
  - Active labor market policies
Gaps in social protection coverage

Social protection coverage in Malaysia at two poles

**Vulnerable Individuals**
- Poverty targeted
- Large number of programs
- Fragmented, charity-like, ineffective, and costly
- High exclusion (coverage gap) and inclusion errors

**Coverage Gap**
- Persons in more unstable forms of wage employment and the self-employed

**Stable Full-time Employment Relationships**
- Relatively good protection in terms of contingencies covered
- No coverage gap
- Adequacy issues

Contributory Benefits: EPF, SOCSO, KWAP
Voluntary Insurance
Social protection should not be at the expense of providing basic public services, physical infrastructure, healthcare services and education
Different stages of vulnerability

- Childhood, orphanhood
- Maternity, sickness, unemployment
- Old-age

- Actual Income

- Actual income of a person with a permanent disability

Minimum Standards of Living
Integrated social protection system

Recommendations:
• Shift from poverty targeting social assistance approach to a developmental model
  – Consolidate all fragmented programs into a life-cycle social protection floor
  – Target life-cycle associated risks such as childhood, maternity and old age coupled with risks of disability and orphanhood with social assistance – this will lead to the empowerment of women and children
  – Ensures that vulnerability is not transmitted from one stage to the next
Integrated social protection system

Recommendations (cont):

• Administrative simplicity and efficiency
  – To ensure easy access to programs, the blueprint working group has engaged with the National Registration Department to establish a unified database system by optimizing the usage of the unique MyKad national identification
  – The report is mindful of the physical limitation of Malaysians in accessing the benefits – hence, intends to propose an innovative “beneficiary-centred” service
Challenges

• Bureaucratic ills
  – Fragmentation due to programs administered by different ministries requires bringing them together to work as the concept of whole government

• Political will
  – Getting the buy in from the government and government agencies, and breaking away from the mindset of welfare and charity to solidarity

• Legislation
  – The absence of a social protection act indicates there is no guarantee of protection
THANK YOU