



Cambodia Case Study

Informal Workers and Social Insurance in Cambodia

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Outlines

- Status on informal workforce
- Definition of informal worker
- Challenges of extending social protection to informal workers (Wage Workers, Self-Employed and owned account workers, Domestic and Household worker)
- Practical options for extending coverage
- Who are covered by Social Insurance?
- Way forwards

The Cambodian Labour Force 2012

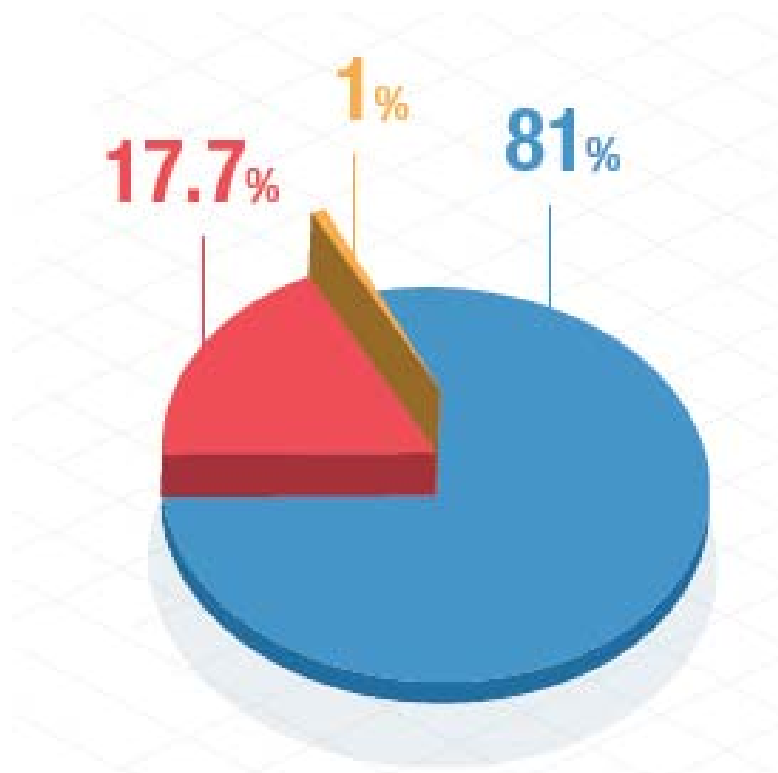


FIGURE 1
Employment by type

● Informal Sector ● Formal Sector ● Households

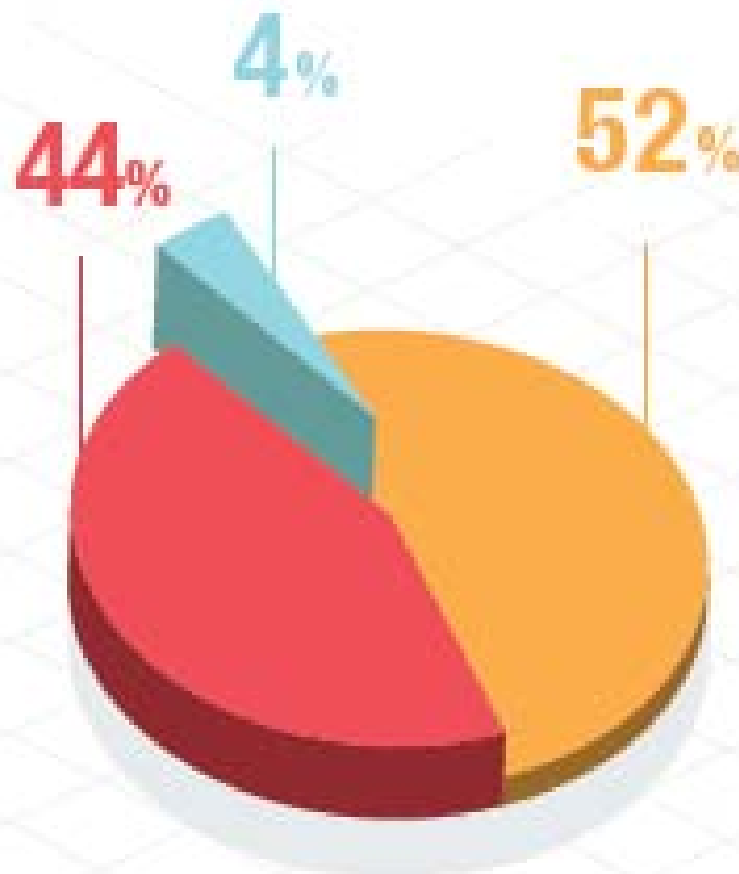
	% in informal employment	Share of all informally employed
Industry	97.3%	0.6%
Mining & Quarrying	97.7%	
Manufacturing	97.7%	13.8%
Wearing Apparel	97.7%	13.8%
Other	97.7%	14.4%
Electricity, gas, steam, etc	74.7%	0.4%
Water supply, sewerage	80.0%	0.4%
Construction	99.1%	11.1%
Services	85.9%	59.2%
Wholesale & retail trade	96.8%	28.1%
Transportation & storage	98.9%	8.8%
Accommodation & food	98.9%	7.4%
Information & communications	95.8%	0.5%
Financial & insurance	91.5%	1.0%
Real estate activities	87.3%	0.4%
Professional & scientific	70.5%	0.4%
Administrative & support	97.5%	2.1%
Public administration	34.4%	2.3%
Education	32.1%	1.3%
Health & social work	56.2%	0.9%
Arts & entertainment	96.9%	2.6%
Other service activities	96.9%	2.6%
Households as employers	96.2%	1.0%
International agencies	83.0%	0.5%

Source: original data and authors' calculations from ILO-IPEC and NIS, 2013 Tables 7.4 & 7.5

Size of the informal workforce

Firm Sizes in Cambodia According to Number of Employees

- Employ two to eight workers
- Employ one worker
- Employ over eight workers



Source: Economic Census 2011

Diversity of the informal workforce



The high heterogeneity in the characteristics and needs of informal workers shapes the ability of any expansion strategy to achieve both **legal and effective coverage**.

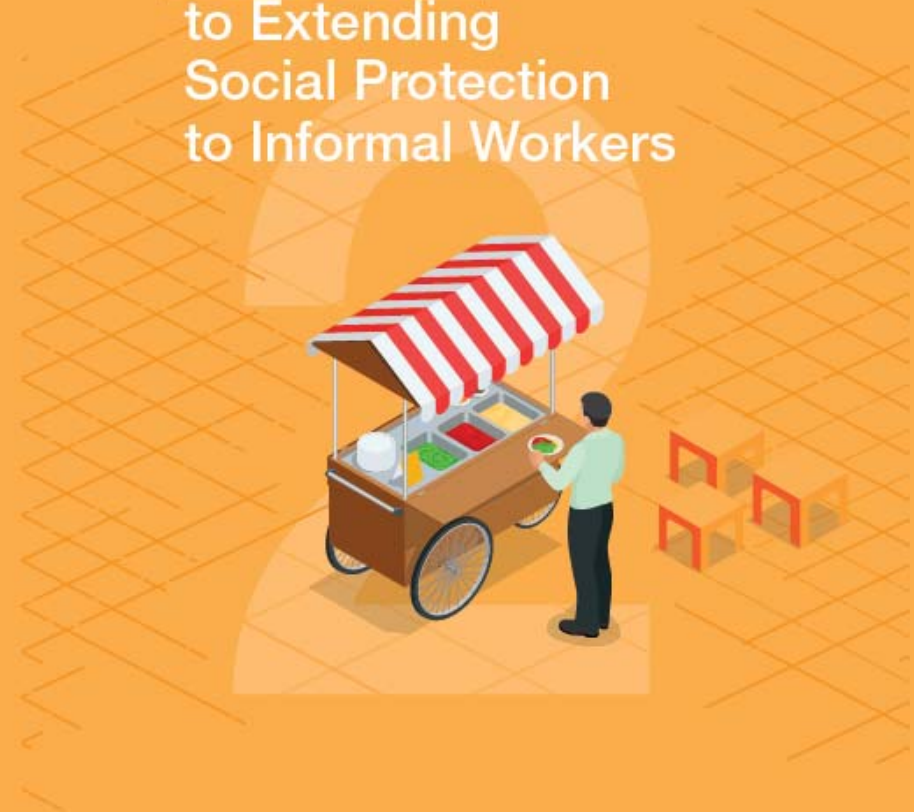
Lack of definition of “informal workers”

Informal employment is "all remunerative work (i.e. both self-employment and wage employment) that is not registered, regulated or protected by existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income-producing enterprise. Informal workers do not have secure employment contracts, workers' benefits, social protection or workers' representation”

Cambodia definition

Joint Prakas 404 (Joint Ministerial regulation): A worker who signed an employment contract to work not more than 8 hours per week, part-time work, consecutive rest during working period or a seasonal work and was registered with the NSSF

2. Challenges to Extending Social Protection to Informal Workers



Challenges to extension of Coverage



Informal Wage Workers

- Eligibility
- Communications and outreach
- Identification
- Registration
- Entitlement
- Contributions
- Incentives/enforcement

Self-employed and own-account workers

- Eligibility
- Identification and outreach
- Registration and claims-procedures
- Entitlement
- Contributions
- Benefit disbursement

Domestic and Household Workers

- Eligibility
- Vulnerabilities
- Identification and Outreach
- Registration
- Entitlement
- Contributions

Practical Options extending coverage

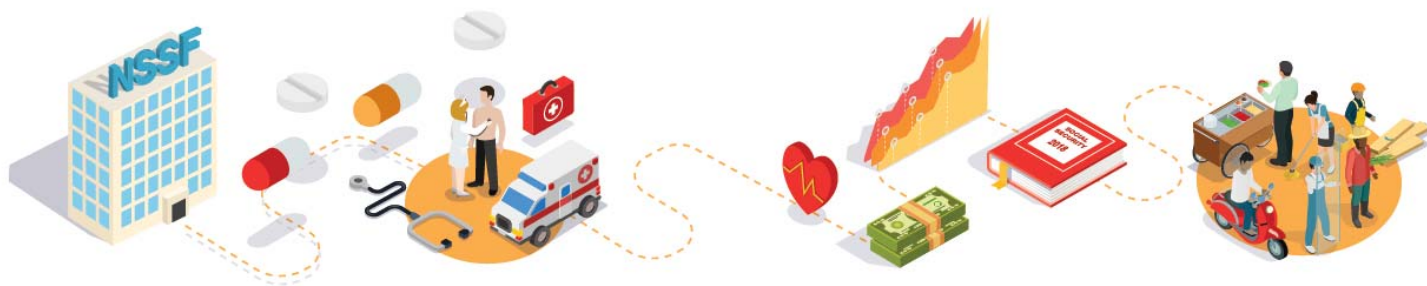
INFORMAL
WAGE
WORKERS



- Strengthen Communication
- Review Registration Procedures
- Review Contribution Arrangements
- Strengthen Enforcement and incentives to improve compliance

Practical Options extending coverage

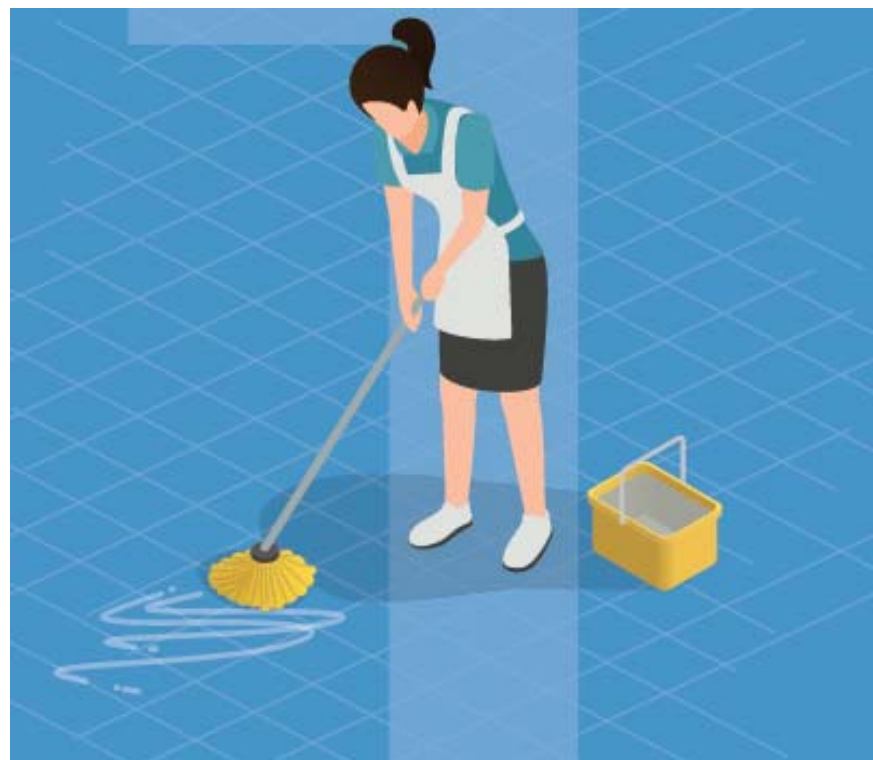
SELF-EMPLOYED AND OWN-ACCOUNT WORKERS



- Extend Eligibility in a Gradual Manner
- Design Registration Procedures for Self-Employed Workers
- Reform Contribution and Financing Arrangements

Practical Options extending coverage

Domestic and Household Workers



- Clarify Status of Domestic and Household Workers
- Strengthen Communication and Adopt a Proactive Approach towards Identification
- Establish Incentives and Enforcement Mechanism

Practical Options for Addressing the Structural and Institutional Challenges

- **Establish a definition of “Informal Workers”**
- **Establish Prioritization Agenda**
- **Strengthen Institutional Coordination**

Key Policy Recommendations

- Recognize the Diversity
- Strengthen the Evidence Base
- Integrated, holistic policy towards formalization
- Enact Gradual Expansion Strategies
- Broaden the Dialogue for Reform
- Importance of legal provisions (preferable mandatory)



Who are covered by Social Insurance?

2 million workers

Employment Injury Insurance

- Private Sector workers (1.5 million) contributed by employers at 0.8% of the max. 300\$/month

Social Health Insurance

- Private Sector Workers (1.5 million), contributed by employers at 2.6% of the max. 300\$/month
- Public Sector Employees (300,000), contributed by the government at 1.5% of the basic wage

Health Equity Fund (HEF) - Free basic health care, subsidized by the government

- Informal workers who registered with the NSSF (50,000)
- Local authorities and government targeted group (150,000)

Way forward:



- ❖ Pension scheme for private sector workers is expected to launch in 2019
- ❖ Expanding Health Insurance (HI) scheme to informal workers:
3-year Pilot project (GRET/SPIN Project) for Tuk Tuk Drivers and Domestic Workers
- ❖ Extending EII and HI schemes to Construction worker (on-going discussion)
- ❖ Registered informal economy enterprises at least 20,000/year (2019-2023)



Thank you