



# **Social Security Policies for Members affected by the Covid-19 Pandemic**

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# Country overview:

Area:	236,800 Km <sup>2</sup>
Population:	7,338,000
GDP per capita:	2,595 USD
Life expectancy:	67 Years
Labour force participation rate:	40.8%
Social protection spending:	1-2% of GDP
Workers in informal economy:	80%
Social security coverage:	11% of total pop

## Current social security schemes

1. Civil servant scheme (public)
2. Formal enterprise scheme (private)
3. Voluntarily insured members scheme (self-employed)



# Social security system at a glance:

Social security for citizens serving the Party and State Organizations	Social security for private sector, under Social Security Organization (SSO)	Public and private schemes merged, under National Social Security Fund (NSSF)	National Social Protection Strategy		
<b>1975</b>	<b>1993</b>	<b>2001</b>	<b>2008</b>	<b>2014</b>	<b>2020</b>
	Social security for public sector, under MoLSW		Social security for public sector reformed, under State Authority for Social Security (SASS)		NSSF and Social Security Department merged, under Lao Social Security Organization (LSSO)

# Social Security Schemes & Sources of Fund

- **Public Sector: Contribution rate 16.5%**
  - Contribution from the Gov't (8.5%).
  - Contribution from civil servants (8%)
- **Private Sector: Contribution rate 11.5%**
  - Contribution from employers (6%)
  - Contribution from employees (5.5%)
- **Voluntary scheme: Contribution rate 9%**
  - Contribution of informal employee and voluntary insured person (9%)
- **Revenues from Investment**

# Social Security Benefit Funds

Benefit Funds	Public	Private	Self-employed and voluntary
Health insurance	1.5%	1.5%	1.5%
Employment injury or occupational diseases	0.5%	0.5%	-
Short-term benefits (Sickness, Maternity benefit and Death grant)	2.5%	2.5%	2.5%
Long-term benefits (Old-age, survival, invalidity)	12%	5%	5%
Unemployment benefit	-	2%	-
<b>Total</b>	<b>16.5%</b>	<b>11.5%</b>	<b>9%</b>



# Social security policies for members affected by Covid-19

1. Unemployment benefits
2. Suspension of contribution payment
3. Support from german embassy thought ILO

# Social security policies for members affected by Covid-19

## 1. Unemployment benefits:

- Payment of unemployment benefits (67.92 billion Kips) to 72.641 members (343.836 members) from 1.107 enterprises (3.032 enterprise), in three periods:
  - Mid 2020 – 60% of average insurable earnings (based on actual days-off)
  - Continue the payment during May – July 2021
  - August – December 2021, 50% of average insurable earnings

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## 2. Suspension of contribution payments:

- Suspension of the payment of contribution 3 months (2020);
- Postpone of the payment of contribution for 6 from (2021);
- Suspension of the payment of 2 month contribution for voluntary insured members;
- (Members infected by Covid 19 receive medical care and sickness benefits).

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## **3. Income support to garment workers hit by COVID-19.**

- Designed to address shortfall in garment orders and closure of factors/suspension of businesses

# Challenges

- Compliance is low, many registered enterprises do not participate in LSSO.
- Number of unemployed workers increased during the pandemic and thus, LSSO paid high aggregate unemployment benefits, affecting scheme sustainability.
- Many workers are in the informal economy, difficult expand the coverage to these group and formalize them to formal economy.
- High proportion of agricultural workers and rural population, difficult to reach them.
- Low and irregular incomes of such workers makes social security a low priority for them.
- Investment of NSSF funds are limited and need to be improved and expanded.

# Opportunities

- During Covid-19, some employees saw members receiving NSSF benefits and this motivated them to find out more about the scheme and become members.
- Social security law will be amended in the next year. The experiences and good practices of other ASEAN countries on how to increase coverage for both mandatory and voluntary workers can provide important lessons for the amendment.

Thank you very much  
for your attention

**Kob Chai Lai Lai!!**

