

JICA Thematic Guidelines

**Social Security**

**(Health Care/Pension/Social Welfare)**

March 2009

Japan International Cooperation Agency

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## Preface

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JICA compiled the thematic guidelines for social security (health care/pension/social welfare) with the purpose of presenting direction of JICA's cooperation and points for consideration by presenting overviews, trends of assistance, approaches, and methods associated with social security systems (health care/pension/social welfare) (note). With these guidelines, JICA seeks to facilitate sharing of basic information and knowledge about this area among JICA's stakeholders. These guidelines also serve as a reference when planning and formulating JICA's projects as well as when conducting evaluations and implementing projects.

By publicly disclosing the thematic guidelines through the JICA Knowledge Site, we intend to provide opportunities for the general public to become familiar with JICA's basic concepts on social security (health care/pension/social welfare).

(Note) These guidelines focus on three sub-sectors of social security: namely health care, pension, and social welfare. Separate thematic guidelines have already been formulated on support services for the persons with disabilities, among other sub-sectors of social security. Thematic guidelines for other sub-sectors will be developed in the future.

# Thematic Guidelines

## Social Security (Health Care/Pension/Social Welfare)

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## Schematic Chart

In these guidelines, we devised the following Schematic Chart for Development Issues to comprehensively present general approaches to issues<sup>15</sup> on a tree-shaped chart. This chart is formulated as a tool to understand the whole image of a composition of each development issue in a cross-sectoral manner and to consider policies for solving issues and the direction and contents of cooperation.

**(Schematic Chart for Development Issues (excerpt))**

Development Strategy Goal	Intermediate Goal	Examples of Tools and Methods to Achieve Goals		
		Preparation Stage for Social Security System	Stage for Establishing Employees' Social Security System	Stage for Stabilizing and Expanding Social Security System
1.Improvement of Capacity of Policy Formulation (Research and Planning)	[Health care/Pension/Social Welfare]			
	1-1: Development of capacity for planning and implementation of studies	Provision of the following know-how <ul style="list-style-type: none"> <li>• Method of assessing social welfare needs</li> <li>• Establishment of the method of social survey and survey system</li> <li>• Demographic statistics</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Planning and implementation of study for stable medical finance</li> <li>• Method of assessing social welfare needs</li> <li>• Establishment of the method of social survey and survey system</li> <li>• Demographic statistics</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Planning and implementation of study for stable medical finance</li> <li>• Method of assessing social welfare needs</li> </ul>

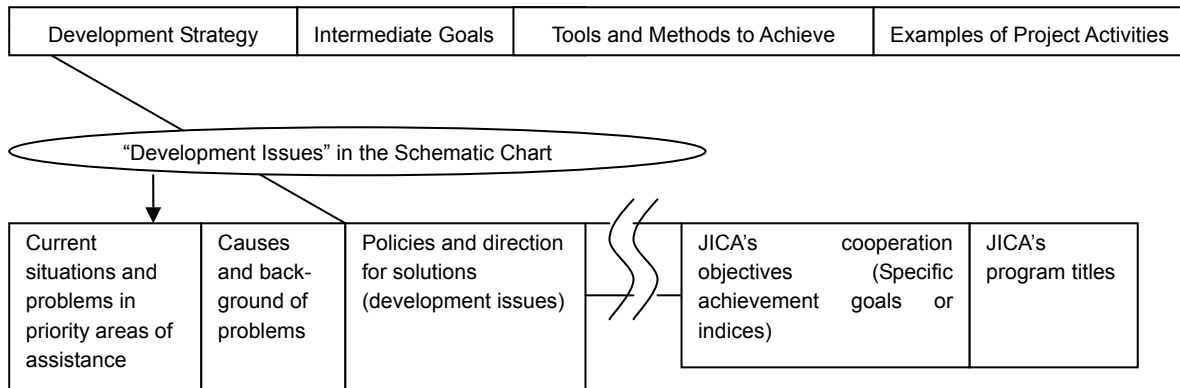
Development issues are categorized into the Development Strategy Goals and Intermediate Goals as shown above. The Schematic Chart for Development Issues is the overview that appears at the beginning of the document covering the development strategy goals and examples of the methods to achieve these goals, as a means to present the whole picture of the issues involved.

With respect to the relationship between the Schematic Chart for Development Issues and the Country-specific Project Implementation Plan, since the scope and scale of the activities are different depending on target countries and target regions, it is necessary to discuss them individually. Nonetheless, development issues in the schematic chart would correspond to the priority areas of assistance in the Matrix of Country-specific Project Implementation Plan / Development Issues, while Development Strategy Goals and Intermediate Goals in the schematic chart would correspond to Policies and Direction (Development Issues) for Solutions.

<sup>15</sup> In reality, the causal relationship that composes issues is not direct as shown in the chart; instead, various elements are intertwined. This chart presents the whole picture of issues by systematizing them with a specific focus.

**(Correspondence between the Schematic Chart for Development Issues and the Matrix of Country-specific Project Implementation Plan/Development Issues)**

<Schematic Chart of Development Issues>



<Matrix of Country-specific Project Implementation Plan/Development Issues>

## Schematic Chart for Development Issues on Social Security

### (Health Care/Pension/Social Welfare)

Development Strategy Goals	Intermediate Goals	Examples of Tools and Methods to Achieve Goals		
		Preparation Stage for Social Security System	Stage for Establishing Employees' Social Security	Stage for Stabilizing and Expanding Social Security System
1.Improvement of Capacity of Policy Formulation (Research and Planning)	1-1: Development of capacity for planning and implementation of studies	<b>[Health care/Pension/Social welfare]</b> Provision of the following know-how <ul style="list-style-type: none"> <li>• Method of assessing social welfare needs</li> <li>• Establishment of the method of social survey and survey system</li> <li>• Demographic statistics</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Planning and implementation of study for stable medical finance</li> <li>• Method of assessing social welfare needs</li> <li>• Establishment of the method of social survey and survey system</li> <li>• Demographic statistics</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Planning and implementation of study for stable medical finance</li> <li>• Method of assessing social welfare needs</li> <li>• Formulation of Social Welfare Master plan, etc., (national level)</li> </ul>
	1-2 : Capacity to develop plans	Formulation of Health and Social Welfare Master plan, etc., (national level)	<ul style="list-style-type: none"> <li>• Formulation of Health and Social Welfare Master plan, etc., (national level)</li> <li>• Provision of the method to set indices that are to be set at a regional level, such as health plan, etc.</li> </ul>	Provision of the method to set indices that are to be set at a regional level, such as health plan, etc.
2. Designing of social security systems (Design)	2-1 : Expansion and penetration of basic information about social security	<b>[Health care/Pension]</b>		
		<ul style="list-style-type: none"> <li>• Provision of information about social security system of Japan</li> <li>• Support for PR and publicity campaigns for the system targeting general public</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of information about the social security system of Japan</li> <li>• Support for PR and publicity campaigns for the system targeting general public</li> <li>• Educational activities on the significance of social security system</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of information about the social security system of Japan</li> <li>• Provision of information about policies to address the needs of a low birthrate and an aging population</li> <li>• Educational activities on the significance of the social security system</li> </ul>
		<b>[Social Welfare]</b>		
		<ul style="list-style-type: none"> <li>• Provision of basic information about the welfare system of Japan</li> <li>• Provision of basic information about the social welfare system</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of basic information about the welfare system of Japan</li> <li>• Provision of basic information about the social welfare system</li> <li>• Educational activities on the significance of the social welfare system</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of basic information about care services/local care system</li> <li>• Provision of basic information about the welfare system of Japan</li> <li>• Provision of basic information about the social welfare system</li> </ul>
	2-2: Development of legal framework for establishment of the social security system	<b>[Health care/Pension]</b>		
		<ul style="list-style-type: none"> <li>• Formulation of Social Security Law (basic concept, etc.)</li> <li>• Formulation of various social insurance related laws (National Pension Law, National Health Insurance Law, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation of various social insurance related laws (National Pension Law, National Health Insurance Law, etc.)</li> </ul>	Formulation of various social insurance related laws (National Pension Law, National Health Insurance Law, etc.)
		<b>[Social Welfare]</b>		
		<ul style="list-style-type: none"> <li>• Formulation of various laws related to social welfare (Child Welfare Law, Social Welfare Law, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation of various laws related to social welfare (Child Welfare Law, Social Welfare Law, etc.)</li> </ul>	Formulation of various laws related to social welfare (Child Welfare Law, Social Welfare Law, etc.)

	2-3 : Basic design for social security system	[Health care/Pension]		
		Provision of the following know-how • Establishment of a pension schemes • Pension mathematics • Medical insurance system design • Informal pension scheme design	Provision of the following know-how • Financial adjustment system • Local medical insurance system design • Informal pension scheme design	Provision of the following know-how • Nursing care related laws • Financial adjustment system • Local medical insurance system design • Informal pension scheme design
		[Social Welfare]		
		• Establishment of a social welfare system	• Establishment of a social welfare system • Public aid system design	• Establishment of a social welfare system • Public aid system design • Nursing care system design
	Intermediate Goal 2-4 : Development of individual system devices for a social security system (framework)	[Health care/Pension]		
		Provision of the following know-how • Registration for health insurance doctor • Method of determining medical fees • Registration for medical institutions/Evaluation system (improvement of the quality of health)	Provision of the following know-how • Registration for health insurance doctor • Method of determining medical fees • Assessment and payment of medical fees • Registration for medical institutions/Evaluation system (improvement of the quality of medical services)	Provision of the following know-how • Medical fees, nursing care fees, DPC, etc. • Assessment and payment of medical fees • Registration for medical institutions/Evaluation system (improvement of the quality of medical services)
		[Social Welfare]		
		Provision of the following know-how • Social worker • Method of determining the subsistence level, development of means test to identify beneficiaries • Setting of disability classification • Regulations on establishment of various institutions	Provision of the following know-how • Social worker • Method of determining the subsistence level, development of means test to identify beneficiaries • Setting of disability classification • Regulations on establishment of various institutions	Provision of the following know-how • Social worker • Method of determining the subsistence level, development of means test to identify beneficiaries • Development of certification of long-term care need/Dementia Index/Independence Index • Disability classification
Infrastructure of system management/ Capacity development (Operation)	Intermediate Goal 3-1 : Infrastructure for improving system management	[Health care/Pension]		
		Provision of the following know-how • Administrative system such as social insurance office, etc. • Information management for the insured • Pension scheme • Management system for basic pension numbers • Record management system	Provision of the following know-how • Administrative systems such as a social insurance office, etc. • Information management for the insured • Pension scheme • Management system for basic pension numbers • Record management system • Development of medical information management • Payment system	Provision of the following know-how • Administrative systems such as a social insurance office, etc. • Development of medical information management • Payment system
		[Social Welfare]		
		Improvement of child welfare administration	• Improvement of elder care administration • Improvement of child welfare administration	• Improvement of elder care administration • Improvement of child welfare administration • Establishment of an information system such as certification support network



	Intermediate Goal 3-2 : Capacity Development for improving system management	[Health Care/Pension]		
		Formulation of operation manual· Provision of know-how for the enhancement of operational efficiency (Social insurance office· Payment office, etc.)	Provision of the following know-how • Formulation of operation manual· Provision of know-how for the enhancement of operational efficiency (Social insurance office· Payment office, etc.) • Know-how for outsourcing management for system maintenance and improvement	Provision of the following know-how • Formulation of operation manual· The enhancement of operational efficiency (social insurance office· Payment office, etc.) • Know-how for outsourcing management for system maintenance and improvement
		[Social Welfare]		
		• Development of social worker training and the establishment of a social welfare support technique. • Provision of the management know-how of child protection institutions.	• Development of social worker training and the establishment of a social welfare support technique. • Provision of the management know-how of child protection institutions. • Establishment of a professional system	• Development of social worker training and the establishment of a social welfare support technique. • Provision of the management know-how of child protection institutions. • Establishment of a professional system

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## Overview

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### 1. Overview of “Social Security”

#### 1.1 Situation of “Social Security”

Development in the developing countries has focused on the promotion of economic growth. Once a certain level of economic development has been achieved, any developing nation undertakes the establishment of a social security system aiming at social stability. Following the economic growth in the 1990s and the financial crisis of 1997, Asian countries have been making efforts in developing social security systems with an emphasis on stable economic growth and social stability. Also, some developing countries are gradually concerned about the falling birthrate and the aging population from the mid- and long-term perspectives.

In the meantime, there are huge gaps in developing countries in the social security sector in terms of design, development, management, and the actual level of system implementation. Some countries have already developed social security systems that cover the majority of the population whereas some countries have hardly started. It is therefore necessary to respond to various needs in accordance with the development stage of the system in each country.

#### 1.2. Definition of “Social Security”

These guidelines deal with three areas: namely, health care, pension, and social welfare, while taking into consideration the relationship between the activities of the Japan International Cooperation Agency (hereinafter referred to as JICA) in the past and the scope of activities dealt with by the Issue-specific Advisory Committee. Its main task is the establishment and management of a sustainable system, emphasizing the support from the perspective of capacity development. In the labor area, employment insurance belongs to the category of social security; however, it is not included in these guidelines.

In this document, the term “Social Security” with quotes refers to the social security system within the scope stipulated by these guidelines. Without quotes, it refers to social security used as a general term.

#### 1-3 Trend of International Assistance

The trend of assistance by international aid agencies shows great variety in the social security sector. For instance, the ILO and other organizations have implemented support for the overall social security systems in the Philippines, Thailand, and Indonesia since the 1950s, particularly from the perspective of worker protection among the areas of general social security. On the other hand, particular attention was paid more to cooperation in the area of welfare/pension, which is covered in these guidelines, following the Asian financial crisis of 1997. Around the year 2000, a series of assistance strategies in the social security sector was developed by the World Bank, the ADB, etc.

#### **1-4. Trend of Japan's Assistance**

Traditionally, most of Japan's cooperation was provided in the area of labor and employment focusing on vocational capacity development and labor safety and hygiene, while activities of cooperation in the area of health care/pension/social welfare were rather limited. In the social welfare area, although aid was provided mainly through the dispatch of short-term experts and Japan Overseas Cooperation Volunteers (JOCV), long-term assistance has been marginal.

Since the 2000s, the dispatch of long-term experts to Southeast Asian countries has been activated in the "social security" sector, and specific projects and feasibility studies have been launched. There has been progress made in the understanding of the current situations. The cooperation scope in health care/pension/social welfare has also been expanded in Central and South America, represented by the implementation of social welfare projects for elder care and child welfare.

As efforts to realize the concept of an "Initiative for a Caring World," which was proposed by the former Prime Minister Ryutaro Hashimoto at the June 1996 Lyon Summit, Japan hosted the "East Asian Meeting of High-Level Officials on Caring Societies" and the "ASEAN & Japan High Level Officials Meeting on Caring Societies," where information can be exchanged on a regular basis with working-level officials responsible for social security and social welfare in developing countries, thus supporting developing countries in their development of social security systems and human resources.

## **2. Approaches to "Social Security"**

### **2-1 Objectives of "Social Security"**

A social security system serves as a major tool to ensure human security and to achieve the Millennium Development Goals. At the same time, it contributes to the conservation of a sound dynamism of the labor market in a sense that it assures the safety and life of workers. The Final Report of the Human Security Commission, "Human Security Now", proposes to place priorities on efforts to ensure universal subsistence income and wide dissemination of basic health services. These factors are closely related to the development of each area of social security, including public aid and health. In many cases, a social security system also promotes redistribution of the income of the whole society as an income-security system. Dispersion of risks in daily life or mutual help, and the transfer or redistribution of income from high-income households to low-income households would not only reduce the sense of social inequality and awaken a sense of reassurance and social belonging, but also lead to the promotion of economic activities. Such channeling of the benefits back into these societies would help enhance the social security system, which would further contribute to the improvement of economic conditions of individuals; thus, these ripple effects in the economy, society, and to individuals are expected to occur. At an administrative level, it would contribute to the development of the capacity to establish, maintain, and manage a system that solves various problems of the concerned countries over a long period of time and through their own efforts.

## **2-2 Effective Approaches to “Social Security”**

The following three approaches are considered to be effective based on the activities of the on-going projects and long-term dispatch of experts, as well as the needs in the area of “social security” in developing countries: Cooperation Approach 1 “Support for strengthening the capacity of policy planning (Research and Planning)” Cooperation Approach 2 “Support for designing social security systems (Design)” and Cooperation Approach 3 “Infrastructure and capacity development for system management (Operation)”. In each of these approaches, specific cooperation activities should be sought subject to change according to the development stage of the society, the economy, and the social security systems of the beneficiary countries.

### **(1) Cooperation Approach 1: Support for Strengthening the Capacity of Policy Planning (Research and Planning)**

A step-by-step plan based on preliminary mid-term and long term plans is necessary for maintaining the sustainability of social security systems, and objective information is necessary for formulating the plan.

In order to establish a system, it is important to develop the capacity to voluntarily understand a considerable amount of objective information not only about the economic level, but also about the lifestyle, culture, tradition, regional discrepancies (particularly between urban and rural areas), and events of social concern of a recipient country. From the above perspective, two specific points are most crucial: 1) development of the capacity to plan and conduct research projects, and 2) development of the capacity to formulate plans.

### **(2) Cooperation Approach 2: Support for Designing Social Security Systems (Design)**

Designing of social security systems is strongly influenced by society, the economy, and the culture of the concerned country, and it is therefore necessary to develop the capacity of the administrators of the concerned country and provide assistance that focuses on autonomous activities, upon fully analyzing the data of the concerned country.

As a specific means to that end, it is necessary to provide support for the following initiatives: expansion and deepening of the basic amount of information concerning social security of the concerned country (Intermediate Goal 2-1), development of a legal framework as a decisive element for ensuring the sustainability of the system (Intermediate Goal 2-2), basic design of social security systems (Intermediate Goal 2-3), and development of individual system devices required for managing the system (Intermediate Goal 2-4).

### **(3) Cooperation Approach 3: Infrastructure and Capacity Development for System Management (Operation)**

Once the specific system is designed and operated, it becomes necessary to develop infrastructure, such as information systems, to effectively maintain and manage the system, to establish an operational process to smoothly promote operations, and to develop associated manuals,

and so on. It is also essential to continue to foster and train responsible officials.

These supports are provided mainly to the countries in the stage where specific social security systems have already been designed or those entered into the phase where a management system is under development from the stage of system design.

In order to make system management more effective and efficient, it is necessary not only to establish and improve the management system and procedures, but also to promote capacity development of relevant officials and to establish a process for self-sustained improvement of the system.

### **3. Direction of JICA's Cooperation**

#### **3-1. Priority Efforts and Issues to Consider**

##### **(1) Countries at the Preparatory Stage for a Social Security System**

Many of the countries at this stage do not necessarily show a proactive attitude towards the development of social security or social welfare, and have developed few specific systems. So, as a first step, support for identifying the necessary systems (study and analysis) is essential. Also, the average capacity of officials is notably limited; consequently development of the operational capacity would be important for building and maintaining a self-sustained system. With respect to the awareness level of officials of a recipient country, since they have limited understanding of the impact and function of social security systems that affect the lives of the people, the society, and the economy, awareness of the necessity for a social security system in many cases is often low. It is therefore necessary to accept trainees from such countries in order to inform them that the establishment of a social security system is a strategic approach to improve their overall economy and society as a whole.

##### **(2) Countries at the Stage for Establishing Employees' Social Security System**

The countries at this stage have already developed the basic legal framework for the establishment of social security systems. Although specific systems are in place, they may be facing such challenges as expanding the coverage of beneficiaries and having a very limited approach to the informal sector. Moreover, the financial and information management is unstable, and therefore, the support for stable management of the system is crucial. It is desirable to provide support that contributes to the stabilization of the system, such as information management systems or methods of financial control.

In the area of social welfare, it is considered effective to conduct social surveys to grasp the problems concerning living conditions in both urban and rural areas. Expanding wealth gaps between urban and rural areas is becoming a social issue in many of these countries. In addressing social welfare issues, it is necessary to make distinctions between poverty issues in rural areas and poverty/social issues in urban areas.

### **(3) Countries at the Stage for Stabilizing and Expanding Social Security**

The countries at this stage have already established their own systems in terms of system design and are now in the process of trying to improve them. They are at a level that requires advanced information-processing technology that allows them to accurately and efficiently process a huge volume of information and data collection. Assistance to these countries could promote a sustainable and stable management system, such as a project for improving operational management for system development.

On the other hand, these countries are increasingly concerned with the issue of an aging population in urban areas, and have entered into a stage that requires consideration of this issue from a medium and a long-term perspective, looking over the next 20 years. Thus, they might be interested in the information on measures for dealing with an aging population in Japan. Japan may still be in a trial-and-error stage in dealing with the aging population; however, it is still possible to provide such support by offering seminars and workshops.

At the same time, established public service systems are insufficient in these countries and there are few welfare services that universally cover their respective populations. Since there are a number of unsolved or untouched areas, the scope of JICA's cooperation is considered to be wide reaching.

### **(4) Issues to Consider When Providing Cooperation in the “Social Security” Sector**

#### **1) Country's Vision on the Ideal System**

Social security systems should be designed through discussions and in agreement with the basic elements, such as economic and labor market structures, politics, the concepts of equality and social fairness, and the notion of happiness, which are based on the notions from history, traditional culture, religious beliefs, unity of family and community, and the solidarity of people. Therefore, when designing a social security system, first of all, it is essential to know the attitude of the government of the partner country towards the direction of basic nation-building with a long-term perspective, when addressing cooperation matters.

#### **2) Avoidance of Political Risks**

On the other hand, however, the establishment of social systems is the issue concerning the sovereignty of nation-states, and a quick and easy intervention may be risky because it may be interpreted as interference in their domestic affairs. Thus it must be addressed with caution.

#### **3) Necessity of Long-term Perspective**

There may be cases where partner countries are the least developed countries, the countries with the lingering influence of military governments and the countries where no sufficient foundation is available for creating the concept of social welfare based on democratic ideas. In such countries, taking time to carefully foster understanding of stakeholders about the necessity of the system may be an effective cooperation approach, instead of promoting the system-building in haste.

#### **4) System Development According to Socioeconomic Development Stages**

The lives of people in many developing countries are affected not only by a monetary economy, and their security is not necessarily synonymous with income security. Measures for improvement should not only be concerned with income security, but also with other means such as securing housing or the provision of social services.

In some areas, a so-called Micro Fund is being established; as a fund suitable for limited monetary income in a local community. Assistance should be provided in such a way as to tap into the latent strengths of residents for their own activities. In this respect, there should be an option to choose a system unique to the locality, while considering the possibility of establishing a nationally integrated system in the future.

#### **5) Consideration for Regional Discrepancies**

In general, there are discrepancies in the state of the development of infrastructure and economic and living standards between urban and rural areas. This trend is particularly evident in developing countries. The discrepancies between rural and urban areas are seen in the differences in lifestyles, in addition to the economic gaps. It is necessary to design the separate systems for urban and rural areas in accordance with the respective conditions.

#### **6) Consideration for Development Stages and Discrepancies in Training in Japan**

The scope and target of the interests of participants in training differs greatly between those countries with an established social security system and those promoting its development. It is important to design training programs upon assessing in advance the development stages in social security of the country of the participants and the needs as to whether the interest groups are in the agricultural sector or urban workers.

#### **7) Further Consideration for Those with High Assistance Needs**

While the development of social security systems in a sense is related to assistance from a humanitarian point of view, expansion of pension and health care systems (in the case that a social insurance system is adopted) entails the payment for insurance premiums, and it tends to start with the inclusion of higher-income groups in its coverage. Thus, those who are living below the subsistence level of income often fall out of the social security net.

Therefore, when developing social security systems, it is necessary to concurrently give practical policy-oriented consideration for those with high assistance needs, based on the principle of assistance. Because conventional methods of international cooperation, such as rural development, the use of a micro fund, and improvement of agricultural technology, are still significant, it is also necessary to call for the integration of approaches with a vision that looks towards the future development of social security systems into the conventional assistance provided to other areas.

## **8) Respect for Traditional and Religious Elements**

In the global scene, there are some cases where religious organizations and other similar groups play an important role in social welfare and also serve social security functions. These existing traditional and indigenous organizations maintain a strong public faith and practically serve the function of a social welfare organization, and it is worth considering the assistance for temples in the form of logistic support. At the same time, as public social welfare services expand, it is necessary to contemplate the ways in which we can maintain harmony with these traditional services.

In the health-related areas, folk beliefs and alternative healing practices play a certain function in some cases. These traditional assistance services must be respected unless they harm the health of the residents or prevent the introduction of more effective methods.

## **3.2. Future Issues**

### **(1) Issues in Ensuring Human Resources**

Japan has many experts in its own social security as well as those of western nations, but not very many have the ability to work in foreign languages with knowledge on the social security systems of developing countries, and also to be engaged in overseas operations for a certain period of time. Therefore, developing experts in “social security” is a pressing issue.

Through partnership with educational and research institutes, such as universities, and various seminars and training programs, the development of experts in the international cooperation of the social security sector is also a crucial issue for the future of Japan. A growing number of foreign students from developing countries study social security policies and measures for the aging society of Japan. It is extremely important to enhance and expand the system to accept these foreign students, from the long-term perspective of capacity development in developing countries.

### **(2) Partnership with Other Areas**

When developing social security systems, it is essential to pursue consistency and collaboration with the family registration system, the computerized personal data system, the tax system, the subsidy system, the financial system, and health provision system in the area of health care security. Thus, a cross-agency partnership in the beneficiary countries and a cross-sectoral partnership in the resources of the donor countries are important.

Most of the issues of low income households and social welfare issues are closely associated with poverty and inevitably linked to such issues as rural and local development, agricultural technology development, and improvement of health and hygiene, and the issues in the area of labor and employment. Therefore, it is important to pay attention to partnerships with areas other than “social security” when implementing JICA projects.



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## Chapter 1 Overview of “Social Security”

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### 1-1. Situation of “Social Security”

#### (1) Development of “Social Security” System in Asia

Although examination of the situation in more countries would be more desirable in developing these guidelines, we focused on the state of “social security” in Asia due to the following reasons.

First, many requests for specific projects in the sector of “social security” are currently received from Southeast Asian nations. Second, JICA’s dispatch of long-term experts and projects has been implemented mainly in Asian countries. Third, following the proposals of then Prime Minister Ryutaro Hashimoto’s “Initiative for a Caring World,” working-level meetings are mainly held in Asian countries.

Nevertheless, as explained in Chapter 3, some projects have also been implemented in Central and South America, and data collection on more target countries, including Central and South America, would be desirable.

#### 1) Obsolete Pre-war Social Security Law System

Actual moves towards the establishment of social security systems in Asia have been gradually activated since the 1990’s and have considerably accelerated their pace over the past 10 years or so. There are some countries that showed enthusiasm for the development of social security systems soon after the Second World War. Thailand enacted the Social Security Law in 1951 and Myanmar also enforced the Social Security Law in 1956. Although many countries addressed the establishment of such modern social systems at the time of gaining independence after emerging from colonial rule, they failed to substantiate the efforts due to lack of economic and financial backgrounds. This structure was left unattended until recently in most of these countries.

Particularly, in some countries which were involved in wars and civil wars, national social and economic infrastructures were obliterated. It would take more time to have social security systems in place in these countries, which are still ranked among the least developed countries in terms of social security systems.

#### 2) Financial Crisis and Establishment of Social Security Systems

The rapid economic growth in the 1990’s and the following financial crisis brought about change in this situation.

Prior to the financial crisis, the economic growth of such countries as Thailand, the Philippines, Indonesia, and Malaysia was remarkable and they were economically capable of establishing social security systems and social welfare systems, while pursuing the development and accumulation of infrastructure. Even countries with less economic power than these countries experienced some economic growth benefiting from the economic growth of these countries.

However, the Asian financial crisis of 1997 shook the foundation of the economic growth of these countries. In response, the Japan Bank for International Cooperation, the World Bank, and the Asian Development Bank took the initiative in taking emergency relief measures, and the concept of social protection spread rapidly. When stable economic growth eventually lost its ground, creating many unemployed people and other needy persons, serious discussions about the necessity for building a permanent social safety net (i.e., a social security system) began to take place

Through this process, significant progress has been observed; for instance, expansion of social security systems has been actively promoted particularly in Thailand and the Philippines, and the introduction of the Medical Saving Account (MSA) has proceeded mainly in the urban areas of China. Some changes were observed in countries ranked among the least developed in terms of social security systems. Laos, although confined to the capital city of Vientiane, has been promoting the expansion of a social insurance system targeting employees. Some progress is also evident in Cambodia with the enactment of the Social Security Law.

## **(2) Characteristics of “Social Security” Systems in Developing Countries and Development Models**

All the countries share the common characteristic of “social security” systems in a sense that it is established along with the industrialization and the progress of capitalism. However, specific forms that the system exhibits differ even among developed countries. Although the development of social welfare as defined by developed countries lags behind, health care and pension systems have progressed more than social welfare in most of the countries. The following is an overview of the characteristics of health care and pension systems, followed by development models.

### **1) Health Care/Pension as a Welfare Program/Pension System for Military Personnel and Civil Servants**

At the initial stage of developing social security, health care and pension schemes are generally developed as a welfare program for military personnel and civil servants. Some countries provide elderly veterans with housing and cars, and such support through payments in kind is used as a substitute for pension benefits<sup>16</sup>. Therefore, these benefits are more of a fringe benefit in nature rather than a pension plan, and they are, in some cases, regarded as being different from the pension system as a social insurance system, which is explained below.

Many developing countries set the income level of civil servants low and the payroll system is more vulnerable than that of the private sector. Civil servants however, are permitted to have side jobs, health care benefits are generous, and the pension plan is well developed. Thus it is not possible to measure their standard of living solely by the income level.

Nonetheless, even though access to health services is economically ensured as a fringe benefit

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<sup>16</sup> Some countries consider a pension system for the privileged class to be “social welfare.” However, here, it is used as a substitute for income insurance for the elderly and is included in the category of pension.

system, the use of health services is not always fully ensured, since health care resources, such as medical institutions and professionals, are not sufficiently available. With respect to pension plans, beneficiaries are on a waiting list in a number of countries due to limited budgets. Even though a system is in place, it may not necessarily be managed with any stability.

## **2) Employees' Social Security<sup>17</sup>**

The target group of a social security system, following the pension for military personnel and civil servants as a fringe benefit, is its employees. It usually refers to compulsory participation on the part of the business entities in accordance with the number of employees. This system shares a characteristic with social insurance systems in a sense that business entities and employees, or the government in some cases, pay the benefits. Many countries define this employees' social security as social security, and they tend to distinguish it from pension for civil servants and military personnel described above. To avoid confusion, the definition given at the beginning of the guidelines will be used throughout this document.

Employees' social security can be categorized into a comprehensive type and a separate type according to its target groups. In addition to health insurance, the comprehensive type covers pension, disability benefits, childbirth benefits, survivor's pension, and so forth under one scheme. In some cases, it even covers unemployment benefits. It may also include occupational accident compensation insurance. On the other hand, the separate type of insurance separates the health insurance from the rest of the security systems (income security system).

The Asian countries adopting the separate type of insurance are Malaysia and the Philippines, and the countries adopting the comprehensive type are Thailand and Indonesia. Vietnam used to adopt the separate type, but changed to the comprehensive type in the fiscal year of 2004. On the contrary, the Philippines changed to the separate type from the comprehensive type.

In developing countries, it was once advocated to separate the employees' health insurance from the comprehensive employees' social security, and to incorporate the employees' health insurance into other health insurance programs, in order to integrate several systems during the process of promoting universal health insurance coverage. A similar movement was observed in Thailand at the time of the launch of the "30 Bahts Scheme" in 2002<sup>18</sup>. There is a concept that health insurance is short term in nature while pension insurance is long term. So, some contend that they should use different funds instead of managing them in an integrated program. Selection between the comprehensive type and the separate type will be a strategy for the development of social security in each country in increasing the number of those who are insured.

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<sup>17</sup> Generally, the "Hiyosha muke shakai hoshō seido" refers to employees' social security in English, but this English term is not employed by all the systems. This term specifically refers to the insurance system assuming company employees (employed persons and employed workers) as target insurers. Nevertheless, these systems are not necessarily applied solely to employees, but in many cases applied to self-employed individuals as well as employers in the form of voluntary participation.

<sup>18</sup> It was not separated in the end, and a comprehensive type has been in place.

### 3) Social Security for the Informal Sector

Employees' social security usually adopts compulsory participation of employees of business entities above a certain size, but many programs adopt voluntary participation for others such as students, self-employed persons, and those engaged in agriculture. The expansion of participation of informal sector workers is an important but challenging process of promoting the universal coverage of health insurance that is sought after as the Employees' social security matures.

#### **Box 1-1 [Informal Sector]**

The scope of an "informal sector" in the context of the development of a social security system is not always clearly defined. In principle, the term refers to people other than civil servants and employees of companies above a certain size, and specifically, the collective term "informal sector" is often applied to individuals without organizations who are outside the coverage of fringe benefits for civil servants or of social security for company employees, represented by farmers, self-employed persons and students.

In the case of small- and medium-sized enterprises, the boundary between informal and formal sectors is controversial in terms of size, but generally, formal sectors often include companies within the scope of compulsory participation under social security systems (such as companies with five or more employees).

Many developing countries do not have an institutional foundation for tax collection systems or collecting insurance premiums, and it is very difficult to grasp the income, particularly in rural areas where a money-based economy is not fully developed. Therefore, it is an extremely important strategy to determine whether the expansion of coverage in an informal sector is carried out through the expansion of Employees' social security (in other words, a social insurance system) or through the establishment of a different system.

Malaysia and Thailand<sup>19</sup> have currently achieved universal coverage, at least in formality, and the Philippines and China achieved 60% coverage, and achieving universal coverage is within reach. Both Malaysia and Thailand however, have introduced a tax-oriented system, having virtually given up incorporating an informal sector into social insurance systems.

Still, a tax-oriented system entails a heavy financial burden, and its sustainability remains questionable. It may also end up with a mere "security system for the poor," particularly in health care as a result of the government restraining the budget. Some point out that a financial crisis is about to erupt in Thailand, and some health care institutions in rural areas are faced with financial difficulties. The Philippines has set a realistic level of coverage between 70 and 80%, and it has not presented any specific direction towards the realization of universal coverage.

Under these circumstances, there remain pressing needs for re-constructing the system to either a

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<sup>19</sup> Nonetheless, "Coverage for All" is a system in which the government assumes a certain level of cost burden as a system in health care services and does not mean to equally provide health care services that are physically accessible in every region. In reality, the system is not used by the eligible entity.

social insurance system or any other financing system.

#### **4) Social Welfare**

As described above, a general development model for social security systems in developing countries is to gradually expand the coverage of health insurance/pension from military personnel/civil servants, to company employees, and finally to an informal sector, which is hard to grasp and includes the poor.

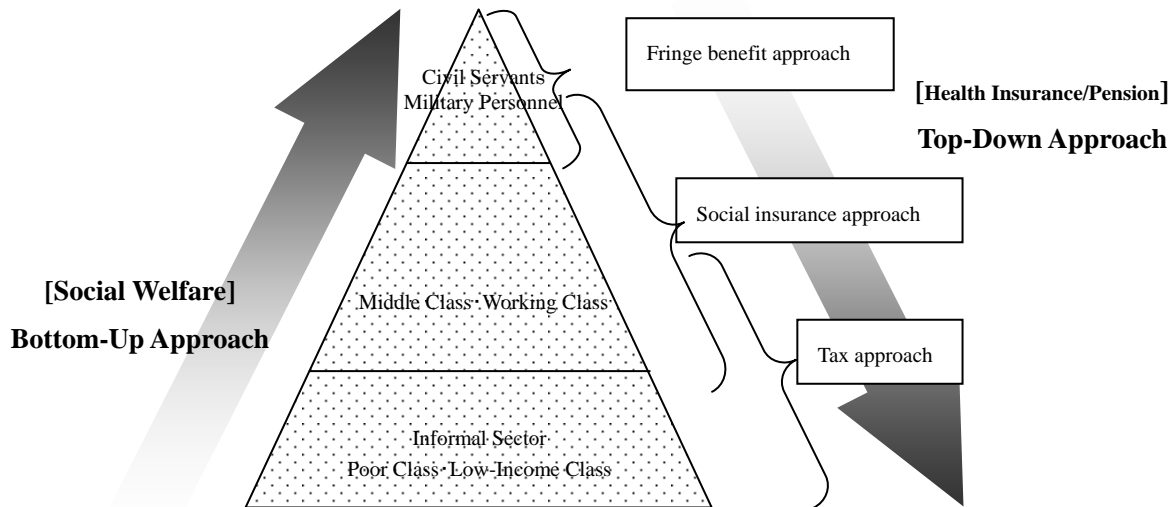
On the contrary, the opposite process is seen in social welfare systems. Social welfare generally targets the socially vulnerable, in principle. In the case of Japan, the development of social welfare started with the Poor Relief Law to help the poor people in the pre-war period, and Japan enacted the Livelihood Protection Law soon after the end of the Second World War. Later, the focus was shifted to the socially vulnerable, such as children. As welfare for the elderly develops, social welfare has become so general that it has finally covered all people, and it is not limited to the socially vulnerable. Nursery-related facilities, which are included in maternal-and-child welfare and child welfare, used to be more of a welfare measure, but now they are also for the wealthy class as a social system to support working women.

The relief of the poor, or the first step in the development of social welfare, is not fully implemented in developing countries. Some countries have established a system equivalent to a livelihood protection system. The right of receiving benefits, however, is not accepted as a permanent right in many countries, even if the benefits are available. Since the legal framework is underdeveloped, the right of every individual is not established and the provision relies on the discretion of respective administrations, whose financial resources are tight. The most serious issue is that the present financial resources would be exhausted within the next several years. This is because most of social welfare-related activities are incorporated into a project-based system due to the unavailability of permanent financial resources. Even when an income security system for low-income households with a certain level of compensation has been developed, there is a problem of arbitrary decisions by local potentates or politicians in granting compensation.

Various types of social work, which provide benefits in kind as a social welfare measure, are mostly provided by NGOs. In particular, in the least developed countries where the development of social workers has been insufficient, international organizations, such as UNICEF, and NGOs play an important role in the provision. While projects carried out by international organizations and NGOs may not necessarily cover the whole nation, involvement of local stakeholders in these activities would promote capacity development.

However, the continuity of activities of NGOs is not ensured, and therefore, it is important, from a long-term perspective, to establish a system that provides services on its own responsibility of the beneficiary country.

### Development Model of Health Insurance/ Pension/Social Welfare



### (3) “Social Security” Systems in Asia by Development Stages

The following is a summary of the development stages of “social security” in Asia. The information given here is compiled from various documents of individual countries, including official papers, and so on. However, caution is required when comparing the figures of the coverage with others since they include the disclosed figures of the concerned countries and estimates from various surveys and documents.

It must be also noted that these classifications do not necessarily correspond to the stages of economic development. Here, it is analyzed from the perspective of the development stage of a “social security” system, and particular attention must be paid to this point. China, Vietnam and Laos are under socialist regimes and Myanmar is still under the control of a military regime. When considering specific social security functions and development stages of individual countries, such political systems must be taken into account.

**Table 1-1: Development Index of “Social Security” Systems in Asia**

	Preparatory Stage for Social Security Systems		Stage for Establishing Employees’ Security System		Stage for Stabilizing and Expanding Social Security Systems				
	Myanmar	Cambodia	Laos	Vietnam	Indonesia	Philippines	China	Thailand	Malaysia
Nominal per capita GDP	160	317	451	566	1,267	1,079	1,411	2,666	4,930
Situation of Pension Plans and the Overall Social Security Systems									
Pension Coverage	-	-	Several %	13	10	unknown	73.3	30	70
Availability of Employees’ social security	×	×	△ (Capital City)	○	○	○	○	○	○
Employees’ social security by types	-	-	Separate	Separate→ Comprehensive	Comprehensive	Comprehensive→ Separate	Separate	Comprehensive	Comprehensive
Health Insurance for Military Personnel and Civil Servants	○	△	△	○	○	○	○	○	○
Situation of Health care Systems									
Health Insurance Coverage	2.3	-	several %	20.3	15	56*	72.4	100	100
Health Insurance for Informal Sector	×	×	×	○	○	○	○	○	○
Financial System for Informal Sector	-	-	-	Insurance	Insurance	Tax	Insurance	Tax	Tax
Theoretical UC (Health)	×	×	×	×	×	×	×	○	○
Situation for Social Welfare Systems (including measures for low-income households)									
International Poverty Rate	unknown	34.1	26.3	less than 2	7.5	15.5	16.6	less than 2	less than 2
Availability of Public Aid	×	×	×	○	×	unknown	○	○	○
Development of Nationwide Welfare Facilities	Insufficient	Inadequate	Inadequate	Inadequate	Underway	Underway	Underway	Underway	Under way

- \* Immediately before the presidential election of May 2004, President Arroyo gave the poor class health insurance for a one-year period, and the objective of 75% coverage was achieved as of June 2004. No subsequent budgetary measures were taken and the figure is believed to have declined substantially. However, no recent figures are available.

- Nominal per capita GDP is based on the Reports from Selected Countries and Subjects (2005) of the IMF.
- Employees' insurance by types refers to the type of social insurance system that comprehensively covers pension and health insurance. A separate type refers to the case where health insurance and pension insurance are managed by different funds or organizations.
- Because full coverage of a health insurance system for civil servants and military personnel is not implemented in Cambodia, the symbol  $\Delta$  is used.
- The term "theoretical UC" does not mean whether UC is enforced in reality, but whether the system is designed for universal coverage.
- The international poverty rate indicates the share of population having less than US\$1 a day (source: the World Bank data).
- The symbol  $\circ$  in the category "availability of public aid" is used when public aid for low-income households is established as a compensation system. However, even in the case of  $\circ$ , provision may not necessarily be carried out on a universal basis.
- With respect to the development of welfare facilities, the said facilities include the ones with the aim for livelihood support, excluding medical facilities such as rehabilitation centers. The term "underway" refers to the case where the country has state or public facilities for livelihood support targeting elderly citizens or orphans throughout the country, even if the number is not sufficient. The term "inadequate" refers to the case where the country has very limited facilities, if not none, where the existing facilities are managed by NGOs, or where the state facilities have not developed an adequate living environment.

### 1) Preparatory Stage for "Social Security" Systems

At this stage are the countries in which fringe benefits and pension systems for civil servants and military personnel are developed or partially developed and social security systems for employees are not developed or not fully functioning, even if there is one. An informal sector is almost completely detached from "social security." Even when measures are taken, provisions are often made on a village basis, instead of individual basis. In specific terms, Cambodia, Myanmar and Laos belong to this category. In these countries, the development of pension and health insurance systems are not ranked high in terms of the priority of the national plan.

With respect to health insurance, the actual health services themselves are extremely scarce. Particularly in rural areas, access to medical resources is very abysmal due partly to the underdeveloped road networks. Human resources such as doctors and nurses are also scarce, and there are no doctors in some provincial hospitals. It must be admitted that social resources are too meager to establish solid health insurance systems.

Activities in the area of social welfare are quite limited. Many activities of social welfare administrations focus on the control of child prostitution, measures for street children, care for persons with disabilities and victims of landmines and unexploded shells, as well as relief for disaster victims. These projects are almost completely dependent on foreign aid, and it is difficult for the government to undertake sustainable administrative functions.

The capacity of competent ministries and agencies of the welfare administration of these countries is also very limited. Both the number and operational capacity of administrators are at a low level even in the central government, in many cases. Therefore, the survey data on the livelihood of the people are not sufficiently organized and it is difficult to examine appropriate measures.

Social security systems are rarely prioritized in the national development plan. These countries are commonly characterized as having political tension, such as a military government, or one-party dominance and "social security" is frequently regarded as a privilege for military personnel or civil servants.



## **2) Stage for Establishing Employees' Social Security**

The countries in this category have developed employees' social security, in addition to fringe benefits for civil servants and military personnel, but are facing challenges in expanding coverage to the informal sector. Indonesia, Vietnam, the Philippines and China belong to this category. The issues that each country faces vary, and it is therefore difficult to generalize about them, but the expansion of coverage to an informal sector is the most central and challenging issue.

In addition, capacity development of officials of local administrations is an important theme and it is necessary to develop such tools as an operational manual.

The situation of social welfare systems in this group of countries is not very different from that of the countries at the pension system stage, but accumulation of social problems caused by urbanization is becoming more prominent. It is important to shed light on the social issues by identifying problems and presenting objective data.

## **3) Stage for Stabilizing and Expanding Social Security Systems**

At this stage, pension plans have yet to attain universal coverage, but health insurance has almost completely achieved universal coverage. The institutional task is to focus on the improvement of information management systems. Each country has already built its unique systems and the detailed systems have been established; therefore, it is not easy for outsiders to understand and intervene in the details of the system.

Nevertheless, there is a room for improvements from the perspective of implementation capacity. For instance, there is room for improvement in the operational management of competent authorities for system management, methods of information management and the establishment of procedures for system development.

The countries at this stage are prone to have a conflict of interest over the social security system. Doctors, hospitals and labor unions often act as pressure groups against the government, representing their own interest. Also seen are the gaps in provision levels of social security between civil servants and employees as well as the conflict of interest between private and national/public medical institutions. These conflicts are often cited as an external factor impeding the development and reform of the system.

Even in the countries at this stage where certain progress is seen in health insurance and pension schemes, there are many areas that remain unaddressed in the social welfare system. The issues related to a livelihood protection system and income compensation (particularly as a welfare measure) for those without pension benefits are on hold for the time being. Although development of facilities for the elderly is in progress, both the quality and the quantity of these services are not necessarily sufficient. Child-related welfare systems are dominated by the development of orphanages and there is no high-function support system, such as enhancement of a consultation system or local network.

These problems, in many cases, are dealt with by NGOs and volunteer organizations, and sufficient public officers or social workers have not been allocated. The issue of improving the quality of

welfare professionals through education and training is also important.

Noticeable characteristics of these countries include urbanization and the penetration of a monetary economy. As the needs for social welfare observed in developed countries are coming to the surface, some issues remain unresolved, so the development of social welfare systems lags behind the health care insurance and pension schemes, and sufficient financial resources are not ensured.

## **1-2. Definition of “Social Security”**

There is no doubt that social security is a system to socially recognize and try to reduce various risks in people’s daily lives; however, a specific definition is not uniform due to differences in the scopes of coverage not only in developing countries, but also in developed countries.

These guidelines deal with health care, pension and social welfare considering the activities of JICA in the past as well as to the issues dealt with by the Issue-specific Advisory Committee. Each of these themes is an area focusing on the establishment and management of a sustainable system in each of these three areas with the view on how to support capacity development are main concerns of the guidelines. Meanwhile, although employment insurance in the area of labor is categorized in social security, it is not covered in these guidelines.

When social security is expressed with quotes as “social security,” it refers to the scope of social security systems determined by these guidelines. When the term is expressed without quotes, it refers to social security in general terms.

### **(1) Scope of Health Care**

A health insurance system is defined as a system to ensure economic access to health care and medical services among the systems provided to all or specific groups of people in a given country. System design (particularly that of finance) of a health insurance system would encompass various programs, such as a social insurance system or tax system. These guidelines are not concerned with the comparison with the Japanese systems in terms of financing methods and medical payment systems.

Much controversy exists over how to incorporate various health care services (mainly disease prevention and health promotion activities) into health care systems. In Japan, since a legal distinction is made in each area by, for example, the Health Promotion Law, the Health Insurance Law, and the Health and Medical Service Law for the Aged, different services are treated separately. However, since health insurance systems of many developing countries regard health care activity costs as part of health security (or health insurance) programs in terms of system design; they are included in these guidelines. Nonetheless, the health care activities themselves are regarded as the issues in the area of health care and medicine.

Discussions on the methods of medical service provision are essential when developing health care systems, and therefore, inseparable. Issues concerning the improvement or development of medical care provision systems, however, are regarded as the subjects in the field of health care and

medicine and not covered by these guidelines.

## **(2) Scope of Pension**

A pension system is a system aiming for supplementation and security of living expenses for elderly persons. Pension plans of many countries include pensions for widows or the bereaved, and persons with disabilities. They are generally categorized as beneficiaries of social welfare in many cases, but they are included in pension plans as an income security system. Both types of pension fund management, namely, a reserve finance system and a pay-as-you-go system, are included. However, programs for a specific class of low-income households, such as welfare benefits, are categorized as part of the social welfare system.

## **(3) Scope of Social Welfare**

The scope of social welfare of Japan can be the one defined by the so-called Six Social Welfare Laws<sup>20</sup>. Institutional support for children, persons with disabilities, the elderly and destitute persons are all included except for pension and health insurance. To be more specific, it includes children's institutions, nursing homes for the elderly, consulting institutions, provision of shelters for the needy persons, and a range of case work, and so on.

In many developing countries, competent authorities for social welfare assume the role of support for victims of natural disaster and for impoverished rural areas. These projects themselves are not covered here, but in view of the characteristic of social welfare which by its nature is to improve the livelihood of people, they should not always be ignored in promoting various studies and projects. Therefore, some disaster-related elements may in some cases be included in individual social welfare issues.

## **(4) Outline of “Social Security” Systems in Japan**

Article 25 of the Constitution of Japan states that “all people shall have the right to maintain the minimum standards of a wholesome and cultural way of life.” This is the so-called right to life, which serves as a basis for the current social security system of Japan. Paragraph 2 of Article 26 stipulates that “in all spheres of life, the State shall use its endeavors for the promotion and extension of social welfare and security, and of public health,” which clarifies the obligation to implement social security systems as well as social welfare systems. Therefore, in principle, the current social security and social welfare systems are mainly the ones established after the Second World War. It is worth mentioning that pension and health care systems are considered as a series of processes to achieve universal coverage in 1961, which is based on continuity from the pre-war period, while the system rests its legal basis on the post-war Constitution of Japan.

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<sup>20</sup> Six laws are the Daily Life Protection Law, the Mother, Child, and Widow's Welfare Law, the Welfare Law for the Aged, the Child Welfare Law, the Law for the Welfare of Physically Handicapped Persons, and the Law for the Welfare of Mentally Disordered Persons.

## **1) Health Care Area**

### **(i) Historical Background**

The current health insurance system (government-managed health insurance/association-managed health insurance) originated in the Health Insurance law of 1927, but the prototype of a health insurance system would be the occupational accident compensation-related systems such as the Mining Law that was enacted in 1905. Japan followed the German law, which had been adopted aiming for the security of the health and lives of laborers engaged in mining.

The Health Insurance Law is different from occupational accident compensation in a sense that it was established to ensure the health of employees even when the accident or illness was not occupation-related. Originally, the system was designed to cover businesses with more than 10 employees and adopted the flat and capitation payment system, which is similar in many ways to the ones currently adopted by developing countries.

The National Health Insurance Law was enacted in 1938 to establish a nationwide health insurance system, including rural areas. Welfare administration made remarkable progress as a military-oriented policy, rather than the aspect of the health of the people, under the slogan of “Healthy People and Healthy Warriors,” with the purpose of maintaining and improving their physical constitution and capability of the people. This was when the term “universal coverage” was born, and the origin of this term is “universal conscription.” During the war, in 1941, the Health Protection Law was established for impoverished people.

After the post-war confusion and through the special procurement boom of the Korean War, Japan entered a period of rapid economic growth. Under such circumstances, Japan also embarked on a period of financial growth, and promoted universal coverage as a feasible policy. In 1958, the National Health Insurance Law was amended to require all municipalities to set up the National Health Insurance Society, finally achieving the universal coverage in 1961.

Later, in response to the development of the health insurance system for elderly persons by innovative municipalities, free provision of medical services for the elderly was implemented in 1973, (the free provision was later abolished), and the Long-term Care Insurance program was introduced in 2000. These systems have been developed as measures for the aging society. The Long-term Care Insurance Law was revised in 2005 in order to further respond to the aging society, and the establishment of a new health care system for the elderly would depart from the conventional health insurance contribution system for the elderly, is currently under consideration.

### **(ii) Institutional Characteristics**

The most notable characteristics of the health insurance system of Japan are the universal coverage and health insurance through free access<sup>21</sup>. All people in Japan are guaranteed the use of

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<sup>21</sup> Needless to say, health insurance is closely related to the health provision system, and discussion must be carried out on the health provision system as a contributing factor to free access or universal coverage. The health provision system is not directly covered here, since it is placed within the scope of “health and medicine” according to JICA’s framework. Please refer to “Experience of Japan’s Health

health care services through the public aid system, financed by either the health insurance system or taxation, and all people of Japan, in principle, are guaranteed to have access to health services provided by the medical institutions of their choice regardless of location and of the type of insurance program (free access).

In developing countries, the realization of universal coverage and free access is regarded as a sort of ideal form, and the health care system of Japan possesses this significant aspect.

Another important aspect of Japan's health care system is the presence of various types of insurers. Japan's health care system is divided into a national health insurance system, health insurance system, seafarer's insurance, mutual insurance, the Mutual Aid Association of National Public Service Personnel, the Mutual Aid Association of Local Public Service Personnel and the Mutual Aid Association of Private School Personnel. The health insurance is further categorized into government-managed insurance and association-managed insurance.

Although other countries also categorize the insurers into similar groups, there are actually a large number of insurers in Japan; for example, health insurance associations consist of approximately 1,500 associations and the National Health Insurance is composed of about 2,000 insurers throughout the nation.

A large number of insurers and free access encompass a broad range of very complex procedures for medical fees and payment operations. Assessment of medical fees does not take into account economic efficiency or statistics; instead, it assesses individual receipts, in principle, generating a huge volume of work. Nonetheless, the characteristic is that it is efficiently managed, without delays in settlement.

The last point is the establishment of a health insurance system based on local governments. The universal coverage of Japan's health insurance is realized by the establishment of a health care system in which local governments are insurers in order to cover those who are not insured by employment-related insurance. This type of health care insurance managed within a nationally uniform framework is unique in the world and would present an important insight into achieving universal coverage in developing countries.

## **2) Pension Area**

### **(i) Historical Background**

Pension plans for civil servants and military personnel were first introduced in Japan in 1923, but the introduction of the so-called pension plans for employees in the private sector had to wait until the enforcement of the Employees' Pension Law of 1942. This law, developed during the War, was a system that entailed strong intention to unify the nation to prepare for the warfare. Since the maturity of the pension scheme has yet to be reached at this point (only the contributions that were kept

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Insurance: Perspectives of Social Insurance and Lessons for Developing Countries as a Later Starter," Yoshinori Hiroi, (2004) JICA, for the characteristics of Japan's health insurance system, including the health provision system.

accumulated without disbursement), it may as well have aimed at procurement of military expenses and controlling wartime inflation.

After the Second World War, a payment scheme that included a flat-rate portion and earning-related component was adopted in 1954; it is the foundation of the current pension plan. Later, after the establishment of the old-age welfare pension system (1959), a universal pension system was achieved covering all but company employees with the introduction of the National Pension Plan of 1961.

No major change has been made since then, except for the change to the two-tiered system with a flat-rate portion of conventional employees' pension and mutual pension serving as a basic pension. In recent years, measures have been taken towards the aging society by increasing the premium rate and raising the age of the pension-payment eligibility.

Unpaid national pension premiums are becoming a social problem that may discredit the system, and measures are being sought to reduce the number of unpaid cases.

## **(ii) Institutional Characteristics**

Japan's pension plan has three tiers. The lower tier is a basic pension (national pension), which is the basis for benefits for all pensioners. The premium is flat-rated. The middle tier is the pension plan for the current working generation, consisting of Employees' Pension, National Public Service Personnel Mutual Aid, Local Government Officials Mutual Aid, and Private School Personnel Mutual Aid. The premium is proportionate to the gross pay of the person. The upper tier is the so-called "corporate pension," and participation is voluntary. It targets the Employees' Pension Fund and Tax Qualified Pension Plan.

National Pension resources include profits from managing accumulated insurance premiums in addition to insurance premiums and government contributions. The share of insurance premiums is approximately 70% and the government contributions 15%. Category 1 insured persons, such as self-employed persons, are responsible for all the insurance premiums, including the premiums for dependents (spouse). In the case of Employees' Pension, premiums are born equally by employers and employees (Category 2 insured persons), and the spouses (Category 3 insured persons) are exempt from the insurance premium of the National Pension Plan.

The Pension Plan is categorized into the pay-as-you-go system and the reserve finance system depending on the form of benefit and burden. In principle, it is designed based on the pay-as-you-go system, and contributions of the current working generation are not accumulated intact, but allocated to the payment of the current pensioners. However, since they hold reserves, it is in reality an eclectic system of both (modified reserve finance). Insurance premiums are initially set at a low level, and increase in a step-by-step fashion, and are called a step-up contribution system. Traditionally, Japan's Pension Plan has set the insurance premium on the premise that the relationship between the benefit and the burden will be balanced in the end (whole-future-balancing method), but a closed-period-balancing method was adopted in the review of the 2004 reform. The closed-period-balancing method stipulates that the time frame of the balancing period would cover

the completion of payments to those who are already living. It is also stated that the assets at the end of this financial balancing period will function as a payment reserve. It is designed in such a way as to stabilize the future relationship between the benefit and burden by periodically assessing the financial balance and adjusting it accordingly.

### **3) Social Welfare Area**

#### **(i) Historical Background**

Since social welfare is different from health care or pensions, the continuity from the system of pre-war Japan is weak, and it is fair to say that it has been formed under a certain leadership of the GHQ within the framework of the Constitution of Japan. In other words, it virtually placed undue reliance on Article 25 of the Constitution of Japan, or the so-called right to life, and many related laws have been established between 1945 and the mid-1950's in the immediate post-war period.

The former Daily Life Protection Law of 1945 remained under the influence of the former Poor Relief Law of pre-war Japan, but a new Daily Life Protection Law of 1950 established a current democratized system of daily life protection. Besides this, a series of social welfare-related laws were developed under the guidance of the GHQ: for instance, the Child Welfare Law (1947), the Welfare Law for Physically Handicapped Persons (1949), and the Social Welfare Service Law (1951).

#### **(ii) Institutional Characteristics**

From the point of view of social services, Japan's social welfare system is not sufficiently developed in terms of quantity. As it is often referred to as a "Japanese-style Welfare Society," Japan has established a social welfare system on the basis of a certain level of community bond or family function, and the system is not based on the concept of individualism as found in the Western world. Therefore, the social welfare system has been discussed in traditional practices; for instance, "three generations living together" is taken for granted even in old-age, and women are urged to leave their full-time jobs when they have babies. Thus, nursing care for the elderly has not been provided sufficient services until recently. It is also often pointed out that the amount of social welfare expenditures for family policies is much lower than in European nations.

Approximately half of the beneficiaries of Japan's daily life protection system are elderly persons, and it has served mainly as a supplementary system for partial pensioners of the retirement pension or uninsured pensioners. This tendency is somehow continuing in Japan where the development of the pension system was slow as compared with health insurance.

**Table1-2: Recent Movements of Social Welfare Policies**

	Policy/Law	Description
1987	Enactment of laws for social workers and care workers	Establishment of national qualification as a social welfare specialist
1989	Formulation of Ten-Year Strategy to Promote Health care and Welfare for the Elderly (The Gold Plan)	Medium and long-term strategic plan for the health and welfare of the elderly, including specific numerical targets, with the launch of measures focusing on home care services
1990	Revision of eight welfare laws	Clarification of legal positioning of local governments in social welfare administration, with transfer of authority to local governments
1994	Formulation of the New Gold Plan	Review of the Gold Plan, with an objective to enhance home care services, such as training for care workers, and expansion of visiting nurse stations
1994	Formulation of the Angel Plan	Basic directions of measures for childbearing-support in the future were formulated based on the agreement reached among the Ministry of Education, the Ministry of Welfare, the Ministry of Labor, and the Ministry of Construction. At the same time, Five-Year Emergency Measures were formulated.
1995	Formulation of the Plan for the Handicapped	While based on the principle of rehabilitation and normalization, a new direction of measures for the handicapped is presented. Specific plans with numerical targets are to be formulated.
1997	Enactment of Long-term Care Insurance Law	Various nursing-care services that have been traditionally provided by administrative assignments were shifted to the contract-based insurance schemes.
1999	The New Angel Plan	A new five-year plan: revision of the previous Angel Plan and Five-Year Emergency Measures, including the women's employment, health, consultation, and education
2000	From Social Welfare Service Law to Social Welfare Law	Revision of Social Welfare Service Law to Social Welfare Law, obliging local governments (cities, towns, and villages) to formulate local welfare plans. This was revised as a part of the reform of the basic structure of social services
2000	Child Abuse Prevention Law	It clarified the responsibility of the central and local governments for child abuse and set forth the measures to protect abused children.
2002	Measures to Cope with a Lower Number of Children Plus One	It includes the necessity of countermeasures to the falling birthrate by reviewing the working practices of men as well.
2003	Assistance Benefit Supply System (welfare for the handicapped)	As the case of nursing care insurance, the services for the handicapped were shifted from administrative assignments to contract-based arrangements.
2003	Young People's Independence and Challenge Plan	Aiming at enhancing motivation to work and promotion of professional independence of young people, this plan was jointly formulated by the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labor, and Welfare, The Ministry of Economy, Trade and Industry, and the Cabinet Office.
2003	The Law for Measures to Support the Development of the Next Generation (New-New Angle Plan)	This obliges municipal governments and businesses to formulate actions plans to effectuate the Measures to Cope with a Lower Number of Children Plus One
2005	Enactment of the Elderly Abuse Prevention Law	It includes compulsory reporting of the abuse to the authorities, calling for the promotion of efforts of the local governments.



The characteristic of Japan's daily life protection system is the provision of case work along with the assurance of income compensation, instead of a non-contributory income security system that simply ensures the minimum level of living standard. A wide range of social welfare services are available, by assigning case workers with the responsibility to assist families who are dealing with multiple problems, such as the disabled, children, and elderly members. On the other hand, case workers tend to take a generalist-oriented approach, impeding the development of specialist skills for assisting in different areas, such as disability, child welfare, and maternal and child household.

However, in recent years, a delay in the development of welfare services is becoming a major concern given the rapid aging population. Since the middle of the 1980's, Japan has been searching for a new direction to enhance social services through a series of measures: including, formulation of laws for social workers and care workers aiming towards the development of specialists in welfare, formulation of a Ten-Year Strategy to Promote Health care and Welfare for the Elderly (The Gold Plan) which presented specific goals in medium and long-term measures for the elderly, and revision of eight welfare laws that stipulate the transfer of power to local governments and formulation of elderly welfare plans by local governments, and so on.

Recently, the Basic Structure of Social Services was reformed in 2000, and the Social Welfare Services Law was revised to the Social Welfare Law, in an attempt to reconstruct the user-oriented system by shifting from administrative assignments to contract-based arrangements. Furthermore, the aging population and fewer children resulting from the declining total fertility rate have become issues to be addressed. As an extension of the conventional support plan for childrearing, the Angel Plan, a number of laws were developed, including the Law for Measures to Support the Development of the Next Generation and Plans to Support Children and Childbearing (New-New Angel Plan). In addition, in response to a rapid increase in the unemployed and impoverished youth, efforts are being made to strengthen the youth-related measures, such as the formulation of Young People's Independence and Challenge Plan.

### **1-3. Trend of International Assistance**

#### **(1) Trend of Assistance**

The trend of assistance provided by international aid agencies greatly differs in each area of social security. For instance, particularly from the perspective of labor protection among general cooperation areas of social security, the ILO and others have implemented projects on the overall social security systems in the Philippines, Thailand and Indonesia since around 1950. Meanwhile, in regards to cooperation in the area of health care and pension, which are covered in these guidelines, the World Bank and the ADB, among others, have put forward assistance strategies in the “social security” area around 2000.

#### **(2) Role and Activities of Each Donor**

##### **1) World Bank**

##### **[Strategy]**

The World Bank formulated the Social Protection Sector Strategy in 2000, in which “social security” was repositioned within a wider framework, incorporating the viewpoint of “social risk management,” rather than a conventional category of an assistance component. The newly introduced “Social Protection” is defined as public interventions to help individuals, households and communities better manage risk and provide support to the incapacitated poor.

Within this new framework, the World Bank re-assesses social security from the viewpoint of risk management for economic development and promotes support for system reform, in addition to achieving social equity. At the same time, emphasis is placed on social security as a tool to achieve the Millennium Development Goals. The World Bank also undertakes discussions as to how the Social Protection Program can contribute to the global agenda of MDGs, focusing on the following five elements<sup>22</sup>.

- (i) Each policy in the labor market and the governance of social security impact growth and income, thus reducing poverty as a result.
- (ii) The improvement of risk management contributes to the reduction of poverty. Poverty would be reduced thereby preventing the non-poor individuals from becoming entrapped in poverty due to layoffs, and by avoiding the shock of not being able to recover from the effects of long-term poverty and by avoiding an inefficient leveling of income of the poor.
- (iii) Social aid would alleviate poverty. Particularly when beneficiaries access the available services, it thereby contributes to the improvement of health and education.
- (iv) Improvement of access to education and health care services would be directly provided by social funds and public works that undertake the improvement of roads, schools and medical institutions, and indirectly by income improvement.

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<sup>22</sup>The World Bank (2003) “The Contribution of Social Protection to the Millennium Development Goals”

- (v) In the programs for the vulnerable groups, such as persons with disabilities, orphans, victims of child labor that negatively affect the children and the elderly, the vulnerable class will be able to share in this process.

The following points are listed as strategies for the “Social Protection” sector in a new conceptual framework mentioned above:

- a) To grasp social security within the context of “social risk management”;
- b) To view social security from all aspects, without being limited to the provision of security;
- c) To keep a balance among risk response, risk mitigation and risk prevention;
- d) To keep a balance between public, private and informal programs;
- e) To select means according to the type of risk;
- f) To try to prevent risks;
- g) To adapt the method of risk management to the needs; and
- h) To involve stakeholders in the formulation and implementation of programs.

Based on these strategies, the World Bank has developed social security assistance in various schemes: namely, study, technical cooperation, loans, conferences, workshops and development of educational materials. The areas of cooperation are wide, but the World Bank plays a leading role among international donors, particularly in the support for public pension systems.

#### **[Achievements]**

Social security is a fairly new area for the loan programs of the World Bank, and the loan amount in this area has rapidly increased in the past 10 years. Please refer to Annex 2 for the examples of records of related projects undertaken in recent years.

## **2) Asian Development Bank (ADB)**

#### **[Strategy]**

The Asian Development Bank (ADB) has been actively promoting assistance in the social security sector in the Asian-Pacific region since the adoption of the Social Protection Strategy (SPS) in September 2001<sup>23</sup>. The Poverty Reduction Strategy (PRS) (1999, 2004) of the ADB lists three pillars of assistance: namely, pro-poor sustainable economic growth, inclusive social development and good governance. The SPS is identified as part of the second pillar, social development.

In the SPS, social protection is defined as a set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people’s exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income. Social protection deals with the following five sectors<sup>24</sup>:

<sup>23</sup> As the reasons why the ADB acknowledged the need for greater attention to social protection issues, the SPS lists the following events: the experience in the Asian crisis, limitation of social security systems in transitional countries in the region, collapse of communities along with modernization, and concerns over fluctuation of macro-economy associated with globalization. ADB (2001) *Social Protection Strategy*, Introduction.

<sup>24</sup> In adherence with the spirit of this study, the components corresponding to health care, pension and welfare (items ②～⑤) among five components mentioned above shall be dealt with and summarized, with respect to the project list and project cases.

- a) Labor markets: improvement of the working environment, etc.
- b) Social insurance: employment insurance, health insurance, disability insurance/pension, retirement pension, widow's pension, etc.
- c) Social assistance (welfare): mother-child households, homeless people, persons with disabilities, etc.
- d) Micro and area-based schemes to protect communities: insurance for micro enterprises, agricultural insurance, natural disaster fund, etc.
- e) Child protection: protection of the healthy upbringing of children (0~18 years of age)

The SPS states that social protection assistance should be carried out in line with the social needs and the existing systems of the recipient country, and particular attention must be paid to the following four points, in principle, when formulating social security projects.

- a) Coverage: Inclusion of the poor and informal sector into social protection systems, appropriate collection of insurance premiums and prompt payment of insurance claims, setting of adequate amount of benefits;
- b) Socially Vulnerable Groups and Gender Issues: Particular attention to women, immigrants, orphans and homeless people;
- c) Sustainability and Good Governance; Ensuring social security resources, consideration to the redistribution function of social security (benefits to the poor), establishment of appropriate social security institutions (public, private, NGOs and hybrids) and efficient management systems, and cost-effectiveness of interventions; and
- d) Close Partnership with Other Sectors.

#### **[Achievements]**

When looking at the trend of shares of the social security loan to the total loans of the ADB, it was merely 1% during 1986 and 1988 and increased to more than 13% during 1998 and 2000. This drastic increase comes from the impact of the Asian economic crisis. Still, approximately 10% is allocated to the said sector even after 2001, the year the SPS was formulated<sup>25</sup>. (See Annex 2 for details)

### **3) International Labor Organization**

#### **[Strategy]**

The International Labor Organization (ILO), led by the Social Security Policy and Development Branch (SOC/POL), has been promoting the Strategies and Tools against Social Exclusion and Poverty (STEP), and assistance for social security is carried out within this program framework. The STEP was established as an international program to eradicate poverty and social exclusion, in response to the 1995 Copenhagen Social Summit. It is a program currently used as a major tool for the "Global Campaign on Social Security and Coverage for All<sup>26</sup>," which was launched by the ILO in 2003.

<sup>25</sup> ADB (2002) *Social Protection Strategy-Progress Report to the Board of Directors*, p. 6.

<sup>26</sup> It was launched after consensus was reached at the 2001 International Labor Conference that social-security coverage should be

The first priority of the activities of the STEP is the expansion of the coverage of social security schemes. To that end, the STEP has been working on designing innovative policies and programs to provide coverage to those who are uncovered by the existing social security schemes. In specific terms, activities include the establishment of community-based social security schemes, such as mutual-aid organization for health, the establishment of a special social security system for excluded persons, establishment of the framework to respond to the above and promotion of the coordination among various social security schemes. At the same time, out of awareness that social exclusion issues cannot be resolved unless approaches from various aspects are taken; the STEP addresses the promotion of community participation, the employment issues, and housing and land issues as the second priority issues.

The STEP also pays particular attention to socially vulnerable and excluded persons, such as women in the informal sector.

#### **[Achievements]**

The STEP programs include 1) projects (implementation of pilot projects including research and surveys in relation to the expansion of social security schemes), 2) short-term technical cooperation (implementation of short-term technical cooperation through the dispatch of experts and study teams to the recipient government and social security organizations; a wide range of assistance, including policy formulation, implementation, conducting studies and seminars, etc.), 3) training (provision of various training courses in French, English, and Spanish in cooperation with the ILO International Training Center (Turin, Italy)). (See Annex 2 for details).

STEP took the initiative to set up the so-called “Coordination Network,” a network of mutual aid organizations for health in French-speaking African nations, and has been providing technical and financial assistance to the Network in cooperation with USAID, GTZ, and other organizations. Disclosure of the case studies and methods of social security systems, such as health insurance and pension, and information dissemination activities, such as development and publication of e-learning materials, are also conducted as a part of the STEP projects.

#### **4) United Nations Children’s Fund (UNICEF)**

##### **[Strategy]**

The mission of UNICEF is to protect the rights of children and to fulfill the basic needs of the children throughout the world. UNICEF undertakes various social development activities for children in developing countries in line with the concepts of the UN Convention on the Rights of the Child and the Millennium Development Goals. Major activity areas are (i) comprehensive care for newborn infants and young children, (ii) protective inoculation, (iii) girls’ education, (iv) protection of children, and (v) anti-HIV/AIDS measures. Within the framework of (iv) protection of children, activities in the area of children’s welfare are carried out in order to deal with such issues as child prostitution, child labor, child abuse, orphans and homelessness.

In specific terms, UNICEF conducts activities to create a desirable environment, identifying the following eight elements as important elements of an environment to protect children:

- (i) Attitude, tradition, culture, and practices toward children;
- (ii) Governments' commitment towards the protection of children;
- (iii) A wide range of discussions on and involvement in the protection of children;
- (iv) Legal system and enforcement of laws;
- (v) Capacity of adults to protect children;
- (vi) Children's life skills, knowledge, and participation;
- (vii) Monitoring and reporting to protect children; and
- (viii) Rehabilitation and reintegration services for deprived children.

#### **[Achievements]**

Examples of efforts in the area of child welfare among activities of 2004 include support for the liberation and reintegration of child soldiers, support for education and liberation from child labor, and counseling for abused children, conflict victims, and sexually abused children. (See Appendix 2 for details).

UNICEF is actively involved in advocacy towards the authorities and enlightenment campaigns through mass media, in addition to the implementation of other projects.

### **5) International Social Security Association (ISSA)**

#### **[Strategy]**

The ISSA aims to promote social security throughout the world, and to meet the real needs of the people by establishing social security systems suitable for the economy and society of each region and country. Toward this goal, the ISSA provides support for the member organizations by holding international conferences, implementing training and providing information pertaining to every aspect of social security. Training programs are particularly emphasized from the perspective that they are effective for strengthening the administrative and technical capacity of member organizations.

#### **[Achievements]**

Training programs are carried out for middle and high-level officials of the member organizations. Contents of training particularly emphasize the regional characteristics, but interregional training is sometimes conducted in cooperation with member organizations and high-level officials of other regions. Training may also be provided in cooperation with other international organizations. The ISSA is also actively involved in the development of training materials. In cooperation with the Advanced Research Center for Social Security in France, the ISSA developed French materials and an instruction manual for French-speaking African nations. It has also developed training manuals in English, Spanish, Portuguese and French, highlighting such major themes as principles of social security systems, social security administration, social security finance, pension schemes and health insurance, in cooperation with the Social Security Department and the International Training Center.

## 6) European Union (EU)

### [Strategy]

The EU lists “social integration and employment” as being among the assistance strategies and its specific measures include social security reform (expansion of existing social security schemes and the development of sustainable and desirable social security systems), redistribution of income, anti-poverty measures, and employment policies<sup>27</sup>. The core of the EU's development policies, in a strict sense, is to achieve the MDGs, but the issues associated with the respect for human rights, such as social integration and employment, are regarded as a group of issues requiring long-term commitments and are treated as having the role of complementing the MDGs<sup>28</sup>. Child welfare is emphasized from the viewpoint of respect for human rights, and efforts are made accordingly.

### [Achievements]

The EU has implemented technical cooperation through a dispatch of experts. Cooperation is also undertaken in the social security sector in the form of open project loans and grant schemes. As for the social security and social welfare-related cooperation in Southeast Asia, the following projects have been implemented:

**Table A6: Cooperation Projects by the EU (South-East Asia)**

Area	Project Name	Amount (€)	Outline
Thailand (2004-2009)	Reform of the Thai Public Health Services	5,000,000	● Project aiming at organizational capacity improvement to effectively implement health care reform policies in Thailand
Philippines (2006-2010)	Policy Support Program in Health care Sectors	41,300,000	● Project to provide support for health care financing and to improve its management system with an aim to improve rural health conditions and correct the gaps between central and rural areas
Indonesia (2002-2004)	Project for Developing Policies of Health Insurance	500,000	● Support for the Indonesian government (the Task Force on National Social Security System) with an aim to establish an effective and efficient social security system

\* Compiled by the UFJ Research Institute from websites of countries of the European Commission

## 7) German Development Cooperation (Deutsche Gesellschaft für Technische Zusammenarbeit: GTZ)

### [Strategy]

Bismarck introduced the world's first pension and health insurance systems in Germany in the 19<sup>th</sup> century. Germany has thus been actively involved in policy formulation to establish social security systems, in particular, a health insurance system, and the transfer of practical knowledge and technology for its implementation.

<sup>27</sup> Commission of European Communities (2005), “The European Union Development Policy – The European Consensus,” Part 2 (ANNEX) “Guidelines for implementation of development policy by the Community”

<sup>28</sup> Commission of European Communities (2005), “The European Union Development Policy – The European Consensus,” Part 1

A cross-regional project for the support of a health care security system, which has been promoted by the GTZ since 1998, is the Project of Improvement and Introduction of a Health Insurance System in Developing Countries. This project was set up in cooperation among the GTZ, the AOK Society (corresponds to the national-level organization of Allgemeine Ortskrankenkasse in Germany) and the consulting section of AOK (AOK-Consulting GmbH), in response to the increasing needs for technical cooperation from health insurance organizations in developing countries. This project, which aims to achieve maximum extension of health care access in developing countries, provides support for policy-makers of developing countries to establish a socially balanced health insurance system by paying particular attention to low-income households in the informal sector with a high risk of falling ill and becoming impoverished..

### **[Achievements]**

The Improvement and Introduction of Health Insurance System in Developing Countries has undertaken the following activities: 1) technical cooperation (provision of advice to governments of developing countries, public health insurance agencies, local insurance organizations, private companies and churches; advice and proposals on improvement of existing systems and coordination with existing systems (public, private and regional systems) and implementation of feasibility studies on the system introduction), 2) information provision (collection and disclosure of information on the experience of Germany and other countries that may be useful for the system development in developing countries), and 3) training/conferences (hosting seminars in specific areas). (See Annex 2 for details).

The GTZ is also active in developing a network with other related organizations and experts with an aim to build a flexible expert dispatch system. At a national level, partnership with the ILO and the WHO is promoted, and support for developing a system by joint expert teams has been provided in Kenya, Tanzania, the Philippines, Indonesia and Chile. The GTZ together with the ILO and the WHO convened an International Conference on Social Health Insurance in Developing Countries in December 2005 in Berlin.

## **1-4. Trend of Japan's Assistance**

### **(1) Trend of Assistance**

In Japan, training programs were launched in 1983 in the "social security" sector, which were commissioned to the Japan International Corporation of Welfare Services (JICWELS) by the Ministry of Health, Labor and Welfare, and technical cooperation in the "social security" sector was inaugurated in 1990 through JICA, in the form of the dispatch of JOCV (Japan Overseas Cooperation Volunteers) and technical cooperation projects.

Then Prime Minister Ryutaro Hashimoto advocated an "Initiative for a Caring World" at the Lyon Summit in June 1996. The Initiative for a Caring World aims to support the development of social security systems and human resources, while pursuing economic development, by presenting the experience (both successful and unsuccessful) of developed nations to developing countries on a wide



range of social security issues, including public hygiene, health insurance and pension systems. It is also able to share among developed countries knowledge and experience on the direction of reform of social security systems for efforts in tackling common issues such as an aging society, slow economic growth and financial difficulties. In reality, information exchange opportunities and periodic meetings are held at a working level, in response to a ministerial-level meeting. Specific discussions are currently underway at director-level meetings.

Technical cooperation has been conducted mainly in the area of employment/labor, focusing on development of vocational skills and occupational safety and hygiene, and cooperation in the area of social insurance/welfare was limited. In the area of social welfare, assistance has been provided mainly in the form of the dispatch of short-term experts and JOCV, but long-term assistance was rather limited. Dispatch of long-term experts in the “social security” sector to Southeast Asia has gained momentum since 2000; understanding the local conditions is in progress and specific projects and study programs are currently in place. Some social welfare projects in Central and South America in the area of welfare for the aged and child welfare have also been implemented, and the scope of cooperation for social insurance/social welfare is widening.

## (2) Efforts of Our Government

The Ministry of Health, Labor and Welfare implements training programs for administrators of developing countries; for instance, it convenes international meetings on health and social security/welfare, by co-hosting with or commissioning to the Japan International Corporation of Welfare Services (JICWELS), an extra-governmental organization established with an aim to contribute to the improvement of the health and welfare of the world.

### <Training Records>

Title of Training Program	Objective	Description	Participants (1983-2003)
Training Program for the Asian Social Welfare Administrators*	To offer professional training for social welfare administrators of ASEAN members and neighboring countries, contributing to the development of human resources in these countries, to the improvement of the level of welfare, and to the mutual understanding and friendship between Japan and these countries	The program consists of general training, professional training, presentation of country reports, social welfare administration practices, and local government training, etc. A class starts with a presentation followed by a discussion and Q&A. Visits to welfare-related administrative organizations and others are provided on an as needed basis.	259
Training Program for the Asian Social Insurance Administration*	To offer professional training for managerial-level of officials in charge of social security policies in ASEAN members and neighboring countries, contributing to the development of the social security	There are two courses: the Health Insurance Course and the Pension Course, consisting of general lectures (introduction of principles and conditions of social security of Japan) and course-specific	133

	administration through the introduction of social security systems of Japan	lectures (introduction of conditions of each specific area). Visits to insurance-related facilities and pension-related facilities are offered on an as needed basis.	
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\* Both were relegated from JICA in 2004.

As specific activities of the Initiative for a Caring World, the Ministry of Health, Labor and Welfare has convened the “East Asian Meeting of High-Level Officials on Caring Societies” on five occasions during 1998 and 2003 in an attempt to further deepen the discussions, in response to the East Asian Ministerial Meeting on Caring Societies held in December 1996 in Okinawa.

Round	Period	Theme
First	January 12 – 13, 1998	Health care Finance System
Second	February 1-2, 2000	Income Security for Needy Persons—Focusing on Japan's Experience in the Establishment of a Pension System
Third	November 20-22, 2000	Current Situations and Issues of Health Insurance System
Fourth	November 19-22, 2001	Independence of the Handicapped Persons and Their Participation in Socioeconomic Activities
Fifth	January 15-17, 2003	Child Welfare

(Source) Ministry of Health, Labor and Welfare

Based on the achievements of the East Asian Meetings of High-Level Officials on Caring Societies, the Ministry of Health, Labor and Welfare has hosted the “ASEAN & Japan High Level Officials Meeting on Caring Societies” jointly with JICWELS since 2003. This meeting aims to build the foundation of a close cooperative relationship between Japan and ASEAN member countries in the areas of welfare and health care and to strengthen human resources development in these areas. It is therefore positioned as an instrument to provide support for “ASEAN+3 Ministerial Meeting on Social Welfare and Development” and “ASEAN+3 Health Ministers Meeting.” Each meeting's participants are officials (director-general level) in charge of social welfare and health care policies from 10 ASEAN member countries and neighboring countries. They come together to exchange opinions on coordination between welfare and health and the ideal ways of cooperation.

Round	Period	Theme
First	November 4-7, 2003	“Human Resources Development” in Social Welfare and Health
Second	August 30-September 2, 2004	Aging Society and Human Resources Development in Welfare/Health
Third	August 29-September 1, 2005	Partnership in Social Welfare/Health and Human Resources Development—Focusing on Maternal Child Health Welfare and Health Welfare for Handicapped Persons

(Source) Ministry of Health, Labor and Welfare

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## Chapter 2 Approaches to “Social Security”

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### 2-1 Objectives of “Social Security”

#### (1) Relationship with Millennium Development Goals (MDGs) and Human Security

A social security system is a social system designed to protect the lives of the citizens and ensure sufficient income to maintain a decent standard of living.

The Millennium Development Goals (MDGs) adopted in September 2000 specified such goals as the eradication of extreme poverty and hunger, the reduction of infant mortality and the improvement of maternal health. Income and health insurances provided by social security are effective tools to achieve and maintain these goals.

The Final Report of the Commission on Human Security, *Human Security Now*, proposes to accord high priorities to the efforts for a minimum-living guarantee and to universal access to basic health care. They are closely related to the development of respective areas of social security, such as public aid and health insurance. The concept of human security is to respond to the critical conditions (downside risk) through social protection (protection) and capacity development (empowerment), while considering various factors that may impose a threat to human lives. Meanwhile, the social security system is generally designed to minimize various risks associated with the life cycle of individuals in order to achieve the objectives. In the end, it is designed to ensure income to achieve and maintain mental and physical well-being by responding to risks at all stages of life, from childbirth to disease, unemployment, disability, and old age. Social security is, so to speak, attempting to provide social protection (protection) through the government as a main actor and to serve as a major tool to guarantee human security.

New JICA inaugurated in October 2008 sets a new vision, which is ‘Inclusive and Dynamic Development that benefits all people’. It aims to encourage all people to recognize development issues they themselves face, participate in addressing them, and enjoy the fruits of such endeavors regardless of their race, religion, gender and disability. Social security system, in many cases, functions as income security system by promoting redistribution of income of the whole society. Such return of benefits to the whole society mitigates a sense of inequality, generates a sense of safety and solidarity among citizens towards the society and promotes economic activities. JICA aims to promote development that generates a positive cycle of poverty reduction and economic growth. Social security plays an imperative role in realizing the objective.

#### (2) Social and Economic Significance

The social security system contributes to the improvement of the welfare of individuals on the one hand, and is also positioned as a mechanism to reduce risks of the whole society on the other hand.

For instance, a temporary disease or handicap would lead to a loss of income, generating unstable



hygiene, health insurance and pension systems. It is also to share among developed countries knowledge and experience on the direction of reform of social security systems in an effort to tackle common issues such as an aging society, slow economic growth and financial difficulties.

In reality, information-exchange opportunities and periodic meetings are held at a working level, in response to a ministerial-level meeting. Specific discussions are currently underway at director-level meetings. Although support for the “social security” sector is not confined to Asian nations, it is of a great significance to enhance the scope and contents of the cooperation in specific terms as Japan’s political initiatives are increasingly gaining weight in the social security sector in Asia, as described earlier.

#### **(4) Self-sustaining Management through Capacity Development**

The most crucial significance of implementing cooperation in the sector of “social security” is not only to alleviate social issues of aid recipient countries, but also to empower the recipient countries to establish, maintain and manage permanent systems to resolve their social problems in the long term and in a sustainable manner.

A simple transfer of technology is not easy in the sector of “social security,” as the measures to be chosen change depend on various elements, such as the politics, economy, society and culture of the recipient country. Therefore, an increase in the capacity of competent authorities and officials of the recipient countries is an essential factor to establish and maintain the permanent system, which is the original objective of cooperation.

## **2-2 Effective Approaches to “Social Security”**

From the achievements of on-going projects and long-term dispatch of experts implemented as part of the JICA program and future needs of developing countries in the sector of “social security,” it is possible to set the following three development strategies. Each of these approaches changes its contents of cooperation according to the development stage of social security systems of the recipient country. Thus, in principle, specific assistance by development stages is presented. The outlines are given below<sup>29</sup>.

### **Development Strategy Goal 1: Strengthening the Capacity for Policy Planning (Research and Planning)**

The most distinguished characteristic in the establishment of social security systems is that each target system of cooperation would aspire to contribute to social stability, serving as a homeostatic system. In order to maintain homeostasis, a step-by-step plan based on a medium and long-term schedule is necessary in advance, and objective data are required to formulate the plan.

A social security system should also be in accordance with the development stages of each

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<sup>29</sup> The following approaches are not independent of one another, but they are to literally present the close-space method as a clue to the solution to various issues of the developing world, and actually implemented assistance programs are generally an integration of each approach. Thus, examples of JICA projects presented in each approach do not always correspond to one approach; instead, they are applicable to other approaches, as well.

country in terms of society, economy, and culture. The guarantee of a minimum living standard should also be determined according to the patterns of economy, society, and culture in each country, and there is no a priori ideal form. Therefore, when establishing a system, it is important to examine sufficient objective information pertaining to lifestyle, culture, tradition and regional economic gaps (particularly between urban and rural areas), in addition to the economic standards.

#### Intermediate Goal 1-1 Development of Capacity for Planning and Implementing Studies

In many developing countries, it is difficult to obtain objective data on daily life activities. When establishing a “social security” system, it is of utmost importance to sufficiently collect objective and quantitative data.

In the area of pension, understanding of population-related data, formulation of a life chart and distribution of the income of participants is essential for system design. In the area of health insurance, the development status of health care institutions and health care needs of the people should be recognized. It is necessary to grasp the service provision capacity of medical facilities and required costs. In the health insurance systems of developing countries, a lack of medical services is often the problem. At the same time, medical resources are preferentially located in specific regions in many cases, and therefore, objective data are important to equalize the provision of health care services.

With respect to social welfare, it is important to fully understand the livelihood issues of the people in any given region. This requires studies in both quantitative and qualitative aspects, focusing on how livelihood is maintained and what kind of risks are involved in daily life. When determining the recipients of the Minimum Income Guarantee, it is necessary to build a framework to increase transparency, eliminating arbitrariness caused by the abuse of public authority.

In order to conduct these studies, it is necessary to provide support for techniques of basic social surveys, knowledge of statistical processing and implementing methods for qualitative studies. These studies can be carried out by development consultants, but it is even more desirable to provide support emphasizing capacity development to establish continuous and self-sustainable administrative management of the competent authorities of the target country.

#### Intermediate Goal 1-2: Capacity to Develop Plans

It is necessary to enhance the process from extracting the problems based on the obtained data to the examination of policies to deal with the problems and to formulate an implementation plan.

Partly because many of the conventional plans of developing countries have been practically formulated by foreign donors or consultants, cooperation of donors in the past has not necessarily contributed to the capacity of the officials of developing countries to develop plans.

In order to increase the capacity to develop plans, cooperation methods emphasizing a formulation process should be devised, rather than improving the quality of the plan itself. Even when using external consultants, it is desirable to provide supportive services to help develop autonomous and independent plans on the part of the counterpart officials.

To formulate a certain plan using data would not only contribute to the establishment and maintenance of a permanent system, but also attract the attention of related organizations and foreign donors and increase the capacity for self-sustaining policy formulation. It seems also effective to further develop this capacity and to establish a framework for data collection at the regional level.

#### **JICA's activities**

For the improvement of policy formulation capacity of developing countries, JICA provides support for strengthening capacity of the recipient country to plan and implement studies by dispatching long-term policy-advisory experts. By accepting trainees in Japan, JICA also addresses capacity development of administrators in developing countries in various areas of “social security”; namely, nursing care for the elderly, welfare administration for the elderly, social welfare administration and social insurance administration.

In terms of technical cooperation, projects are implemented to strengthen organizations and develop the capacity of administrators of newly established “social security”-related authorities in developing countries. The projects that designate administrative agencies as counterparts do not aim for the direct improvement of policy-formulation capacity, but they provide support for the enhancement of the capacity to plan and implement studies, as part of the important activities to achieve project goals.

#### **Box 2-2-1 Project for Social Welfare Policies for the Elderly (Chile) [Technical Cooperation Project]**

For Chile, which was the third fastest aging country in Latin America, care of the growing number of elderly persons, the promotion of health, and implementation of welfare services remained important issues.

The project aimed to improve the capacity of welfare administration for the elderly in Chile by introducing comprehensive welfare plans for the elderly in local governments in Japan, which had advanced welfare systems for the elderly.

Chile, through this project, received training in Japan and support from experts dispatched by Japan. Chile also implemented the following projects, which were all in accordance with the conditions of each local government: 1) establishment of consultation mechanism about the elderly issues, 2) formulation of project plans for a healthy society, 3) building of partnership between central and local governments.

#### **[Health care/Pension/Social Welfare]**

	Tools and Methods to Achieve Intermediate Goals
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	Preparation Stage for Social Security System	Establishment Stage of Employees' social security system	Stability and Expansion Stage of Social Security System
Intermediate Goal 1-1: Development of capacity for planning and implementation of studies	Provision of the following know-how <ul style="list-style-type: none"> <li>• Method of assessing social welfare needs</li> <li>• Establishment of the method of social survey and survey system</li> <li>• Demographic statistics</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Planning and implementation of study for stable medical finance</li> <li>• Method of assessing social welfare needs</li> <li>• Establishment of the method of social survey and survey system</li> <li>• Demographic statistics</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Planning and implementation of study for stable medical finance</li> <li>• Method of assessing social welfare needs</li> <li>• Formulation of Social Welfare Master plan, etc. (national level)</li> </ul>
Intermediate Goal 1-2 : Capacity to develop plans	Formulation of Health and Social Welfare Master plan, etc. (national level)	<ul style="list-style-type: none"> <li>• Formulation of Health and Social Welfare Master plan, etc. (national level)</li> <li>• Provision of the method to set indices that are to be set at a regional level, such as health plan, etc.</li> </ul>	Provision of the method to set indices that are to be set at a regional level, such as health plan, etc.

## Development Strategy Goal 2: Design of Social Security System (Design)

Design of the social security system is greatly influenced by the society, the economy and the culture of the target country and it is necessary to fully analyze the data on the target country, promote capacity development of administrators and provide assistance focusing on their own activities.

As specific ways to that end, cooperation needs to contain the following activities: expansion and enhancement of basic information about social security (intermediate goal 2-1), development of a legal framework (intermediate goal 2-2), development of a social security system (intermediate goal 2-3), and development of individual system devices (intermediate goal 2-4).

### Intermediate Goal 2-1 Expansion and Enhancement of Basic Information

The fundamental basis for development of individual “social security” systems includes understanding the conditions of neighboring countries, using unsuccessful cases of system development of developed countries as basic information and learning basic theories of the systems.

Particularly, certain similarities are found between developing countries and Japan, which established social security systems in concurrence with modernization in the agriculture-based social structure. Thus the history of the development of Japan’s social security, including the pre-war period, provides significant insight for developing countries.

The current situation in Japan, which is facing a rapidly aging population and a low birthrate and is in need of an urgent response, is highly suggestive for such countries as Thailand and the Philippines when considering the urban areas of these countries in a few decades<sup>30</sup>. Although the rate of aging is

<sup>30</sup> These two countries, according to the concept of health transition, are entering the third transition phase with degenerative disease. However, these countries still need to take a systematic response to the first phase (from hunger, disease to infectious disease) and the second phase (from infectious disease to chronic disease).



low in Laos and Vietnam, this is due to the high birth rate in rural areas; aging in urban areas is rapidly advancing. Taking the population outflow from rural to urban areas into account, futuristic measures to deal with an aging population and low birth rate would be necessary from the perspective of the balance between urban and rural areas based on population dynamism.

It seems to be an effective method to present Japan's knowledge and information based on social security experience by offering training in Japan and holding local seminars<sup>31</sup>.

Not only provision of information to policy-makers in these administrative agencies, but support for information provision and educational activities to the people of the target countries may be effective. Particularly with respect to a social security system that entails an insurance premium, there are many cases where the coverage does not expand since its necessity is not fully acknowledged. There are cases where no access to social welfare services is made since people do not know that they are available. Support for publicity and awareness raising activities is also an important area of assistance.

#### Intermediate Goal 2-2 Development of Legal Framework

Since a social security system is, in principle, to be maintained as a permanent system, it is necessary to develop the systems based on legal grounds.

Some developing countries exclude the informal sector since they integrate social welfare within the Labor Law. The social security law has not even been developed in some countries or is not functioning even when there is one. In some cases, the systems do not function permanently because no laws and regulations on individual systems are in place, thus resorting to ad-hoc arbitrary measures by the administration. These issues are particularly notable in social welfare.

Technical guidance for the establishment of individual laws can be provided by researchers specializing in social security-related laws of the organization related to the Ministry of Health, Labor and Welfare. It is also important to accept foreign students from a long-term perspective.

#### Intermediate Goal 2-3 Basic Design of Social Security System

This goal is to design specific systems for a social security system. In particular, developing countries are still in the trial-and-error stage as to how to integrate the informal sector (e.g. agriculture sector, self-employed persons, etc.,) into the social security system, and they have yet to come up with any clear-cut successful cases. Cooperation is possible for the establishment of the systems.

It can be assumed that assistance will be provided based on Japan's experience with social security systems and those developing countries may develop similar systems in the future, such as a public aid system. Specifically, the transfer of Japanese models of system design may also be included, for instance, the design for a management system of pension plans (including pension mathematics and methods of pension fund management), health insurance for the elderly and Long-term care insurance plans. However, it must be noted that prudence is needed to provide assistance for the design of a country's social security system, as later described in Chapter 5.

<sup>31</sup> This point has already been made in "Experience of Japan's Social Security" (Institute for International Cooperation, July 2004)

## Intermediate Goal 2-4 Development of Individual System Devices

Various system devices are required to make social security systems function effectively. For instance, a health insurance system needs a framework associated with medical fee payment methods as well as the setting of medical fees, the framework for registration of insured doctors and evaluation methods of medical institutions. Social welfare needs a setting of establishment and management standards for these facilities. A public aid system needs to establish a method to determine minimum standards of living. A combination of these system devices empowers the whole system to function.

The development of these frameworks is not always carried out together with the design of these systems, and modification is often necessary once a framework has been developed. Therefore, even if the system design has been completed, the country may still have room for modification and improvement of the system devices.

In order to reduce inefficiency and a sense of inequality caused by the co-existence of separately designed systems for different sectors, some efforts are needed to adapt the interface of the systems<sup>32</sup>.

### JICA's activities

For the design of social security systems in developing countries, JICA has conducted studies and made recommendations on basic design on nation-wide systems. For expansion and improvement of each system, JICA has dispatched long-term experts to the counterpart government to offer advice and technical guidance.

Training in Japan introduces various systems to administrators: namely, care for the elderly, welfare for the elderly, social welfare and social insurance to enable these administrators to be able to design systems suitable for the conditions of their own country after returning home. New projects are often launched when the trainees who had once received training in system design in Japan ask Japan to dispatch experts and implement technical cooperation projects in preparation for actual system design back home.

### Box 2-2-2 Study on the Improvement of the Rural Pension Insurance System in the People's Republic of China [Development Study]

A political statement of the 16<sup>th</sup> National Congress of the Communist Party of China announced that the Chinese government would seek to develop pension and health insurance and subsistence allowance by providing a minimum living standard in rural areas that met adequate conditions, with an emphasis on the expansion of social security (particularly pension) in rural areas. These were identified as priority issues toward resolving the so-called “three rural issues”<sup>33</sup>. However, the pension in rural

<sup>32</sup> There are some cases where unification of a payoff table and consistency of procedure are necessary. For example, there are gaps between Community Based Health Insurance (CBHI), which has been developed on a regional basis, and a nation-wide health insurance system.

<sup>33</sup> Primary and intertwined issues of Chinese government: namely low productivity of “agriculture,” degradation of “rural villages,” and poverty of “farmers.” The Chinese government regards them as a threatening factor to the sustainable development of the economy and society of China.

areas had various problems and there was no clear way to achieve universal coverage of this system. Since Japan had a similar social structure and had achieved universal coverage since early times, the Chinese government made a request to Japan for cooperation in the establishment of a pension system in rural areas and development of an implementation system.

In this survey, evaluation and monitoring were implemented in eight (8) targeted areas to seek improvement of the systems and to prepare the implementation system. In addition, based on the results of such evaluation and monitoring, it was aimed to clarify a rural pension insurance system which could be spread throughout the country and stably operated, and further to arrange policy recommendations for the purpose of widespread use throughout the country as a sustainable public pension system. Further, through implementation of the study, capacity development was carried out in relation to the establishment of a pension system for personnel of the Ministry of Labour and Social Security and targeted local governments.

Please note that this project was the first technical cooperation project for JICA in the field of public pension.

### [Health Care/Pension]

	Examples of Tools and Methods to Achieve Goals		
	Preparation Stage for Social Security System	Establishment Stage of Employees' social security system	Stability and Expansion Stage of Social Security System
2-1 : Expansion and enhancement of basic information about social security	<ul style="list-style-type: none"> <li>• Provision of information on social security system of Japan</li> <li>• Support for PR and publicity campaigns for the system targeting general public</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of information on social security system of Japan</li> <li>• Support for PR and publicity campaigns for the system targeting the general public</li> <li>• Awareness raising on the significance of the social security system</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of information on social security system of Japan</li> <li>• Provision of information on measures to address ageing</li> <li>• Awareness raising on the significance of the social security system</li> </ul>
2-2 : Development of legal framework for establishment of social security system	<ul style="list-style-type: none"> <li>• Formulation of Social Security Law (basic concept, etc.)</li> <li>• Formulation of various social insurance related laws (National Pension Law, National Health Insurance Law, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation of various social insurance related laws (National Pension Law, National Health Insurance Law, etc.)</li> </ul>	Formulation of various social insurance related laws (National Pension Law, National Health Insurance Law, etc.)
2-3 : Basic design for social security system	Provision of the following know-how <ul style="list-style-type: none"> <li>• Establishment of pension schemes</li> <li>• Pension actuarial science</li> <li>• Medical insurance system design</li> <li>• Pension for the informal sector</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Financial adjustment system</li> <li>• Local medical insurance system design</li> <li>• Pension for the informal sector</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Nursing care related laws</li> <li>• Financial adjustment system</li> <li>• Local medical insurance system design</li> <li>• Pension for the informal sector</li> </ul>

Intermediate Goal 2-4 : Development of individual system devises for social security system (framework)	Provision of the following know-how <ul style="list-style-type: none"> <li>• Registration of health insurance doctors</li> <li>• Method of determining medical fees</li> <li>• Registration of medical institutions/Evaluation system (improvement in the quality of health)</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Registration of health insurance doctors</li> <li>• Method of determining medical fees</li> <li>• Assessment and payment of medical fees</li> <li>• Registration of medical institutions/Evaluation system (improvement in the quality of medical services)</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Medical fees, Long-term care fees and DPC, etc.</li> <li>• Assessment and payment of medical fees</li> <li>• Registration of medical institutions/Evaluation system (improvement in the quality of medical services)</li> </ul>
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## [Social Welfare]

	Examples of Tools and Methods to Achieve Goals		
	Preparation Stage for Social Security System	Preparation Stage for Social Security System	Preparation Stage for Social Security System
2-1 : Expansion and enhancement of basic information about social security	<ul style="list-style-type: none"> <li>• Provision of basic information on the welfare system of Japan</li> <li>• Provision of basic information about the social welfare system</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of basic information on the welfare system of Japan</li> <li>• Provision of basic information about the social welfare system</li> <li>• Awareness raising activities on the significance of the social welfare system</li> </ul>	Provision of basic information on care services/local care system Provision of basic information about the welfare system of Japan Provision of basic information on the social welfare system
2-2 : Development of legal framework for establishment of social security system	<ul style="list-style-type: none"> <li>• Formulation of various social welfare related laws (Child Welfare Law, Social Welfare Law, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation of various social welfare related laws (Child Welfare Law, Social Welfare Law, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation of various social welfare related laws (Child Welfare Law, Social Welfare Law, etc.)</li> </ul>
2-3 : Basic design for social security system	<ul style="list-style-type: none"> <li>• Establishment of a social welfare system</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of a social welfare system</li> <li>• Public aid system design</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of a social welfare system</li> <li>• Public aid system design</li> <li>• Nursing care system design</li> </ul>
Intermediate Goal 2-4 : Development of individual system devises for social security system (framework)	Provision of the following know-how <ul style="list-style-type: none"> <li>• Social worker</li> <li>• Method of determining the subsistence level, development of means test to identify beneficiaries</li> <li>• Setting of Disability classification</li> <li>• Regulations on establishment of various institutions</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Social worker</li> <li>• Method of determining the subsistence level, development of means test to identify beneficiaries</li> <li>• Setting of Disability classification</li> <li>• Regulations on establishment of various institutions</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Social worker</li> <li>• Method of determining the subsistence level, development of means test to identify beneficiaries</li> <li>• Development of certification of long-term care need/Dementia Index/Independence Index</li> <li>• Disability classification</li> </ul>

### Development Strategy Goal 3: Infrastructure of System Management/Capacity Development (Operation)

Once a specific system has been designed and implemented, it is necessary to develop infrastructure for information systems to effectively maintain and manage the system, to establish an operational process to smoothly promote operations and to develop accompanying manuals. In addition to the above, Along with these, it is also necessary to have constant training programs for the staff in charge.

Such assistance targets the countries at the stage where a specific social security system has already been designed, or countries have entered into the development stage of managing systems from the system design stage.

In order to effectively and efficiently manage the systems, it is important not only to establish and improve the management systems and procedures, but also to further develop the capacity of the officials in charge of management and to establish an improvement process of a self-sustaining framework.

The approaches in this area of assistance are presented below from the perspective of infrastructure development and capacity development for management.

#### Intermediate Goal 3-1 Infrastructure for Improving System Management

Pension plans need to consolidate the management of information consistently over several decades on both participants and pensioners, and the establishment of an infrastructure of a management system is the first priority in management.

Health care insurance also needs the management of information on participants and beneficiaries. In addition, management of a claim and payment system with medical institutions is also necessary. In the case where the service benefit system for insured person is adopted, shortening of the redemption period is important in making the system function better. Furthermore, when the Diagnosis Related Group (DRG)<sup>34</sup> has been adopted, continuous data collection from each medical institution is essential.

The information management described above requires infrastructure such as stable communication networks, a standardized data format to accurately and efficiently send information, and a computer system network to manage and store the information.

In the area of social welfare, assistance would be to promote standardization of social welfare administration by providing training and formulating texts to disseminate the methods of information-sharing among various active NGOs and to disseminate approaches to needy persons for social welfare (the so-called social welfare assistance technology) among social workers and officials of various organizations.

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<sup>34</sup> DRG (Diagnosis Related Group) is a patient-classification system that statistically groups patients according to required physical and human inputs for the treatment of disease at medical institutions. It is often the basic information to determine the payment system of medical fees. The DRG itself does not refer to the payment system. In Japan, DPC (Diagnosis Procedure Combination), or the DRG Japanese style, is adopted.

### Intermediate Goal 3-2 Capacity Development for Improving System Management

Furthermore, a developed information system and an information infrastructure need to be soundly and permanently managed through an appropriate and a standardized operational process. With respect to renewal and improvement, it must be carried out without suspending or shutting down the operations as much as possible. System development needs to maintain the capacity of subcontracting management and of setting up specifications. Formulation of a practical operation manual in the work place and its thorough dissemination are important to manage a stable social insurance system.

The social welfare sector includes areas that require cooperation with different related organizations: for example, child prostitution. When new regulations are developed and implemented, it is necessary to establish a practical framework among organizations, formulate a process, and design operation procedure manuals.

When the system entails benefits, regardless of cash or in-kind, it is important to clarify, in advance, the basis for decisions and the decision-making process concerning these benefits. In the sector of social welfare, long-run information management is not often required; however, a permanent framework to understand the needs of the target groups is still necessary. Therefore, a discussion must be made regarding the management in order to capture the target groups. At facilities for children or the elderly, it is also useful to transfer technical know-how about the way in which to treat them.

As a long-term viewpoint, development of specialists and consideration for setting up national qualification on professional occupations should be taken seriously as an issue for the future of the social security sector.

#### JICA'S activities

For the development of infrastructure and capacity development in “social security” systems in developing countries, it is necessary, as described above, to comprehensively carry out infrastructure development such as information systems, establishment of an operational process, formulation of operational manuals, and capacity development of responsible officials. Therefore, JICA has provided assistance focusing on technical cooperation projects that organically combine the dispatch of experts, provision of equipment, and acceptance of trainees.

#### **BOX 2-2-3 Project on the Assistance of Public Health Insurance Information System Development [Technical Cooperation Project]**

The government of Thailand had been working on health care reform for over 10 years, in trying to reform the health care and medical sector: for example by ensuring medical resources and establishing a health insurance system. In 2002, the 30 Bahts system was established. It was a health care system covering 40 million people, two thirds of the population, and it allowed coverage of those who were not covered by traditional health care insurance. Although the system was expected as a first step towards universal coverage, it was still necessary to reform its practical management systems of health

insurance due to the lack of experience in managing a large-scale health insurance system. A request for technical cooperation was made to Japan since Japan had experience in universal coverage of health insurance.

The project supported the development of a system and management capacity so that the National Health Insurance Agency could disseminate the health insurance system throughout Thailand. Specific activity areas were as follows:

1. accumulation of knowledge and information required to develop a system for paperwork involved in health insurance;
2. improvement of the operation processing capacity of the National Health Insurance Agency through the establishment of a pilot system; and
3. recommendations for improving paperwork involved in health insurance to pursue universal coverage based on the achievement.

## [Health Care/Pension]

	Examples of Tools and Methods to Achieve Goals		
	Preparation Stage for Social Security System	Preparation Stage for Social Security System	Preparation Stage for Social Security System
Intermediate Goal 3-1 : Infrastructure for improving system management	Provision of the following know-how <ul style="list-style-type: none"> <li>• Administrative system such as social insurance office</li> <li>• Information management for the insured</li> <li>• Pension scheme</li> <li>• Management system for basic pension numbers</li> <li>• Record management system</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Administrative systems such as a social insurance office</li> <li>• Information management for the insured</li> <li>• Pension scheme</li> <li>• Management system for basic pension numbers</li> <li>• Record management system</li> <li>• Development of medical information management</li> <li>• Payment system</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Administrative systems such as a social insurance office</li> <li>• Development of medical information management</li> <li>• Payment system</li> </ul>
Intermediate Goal 3-2 : Capacity Development for improving system management	Formulation of operation manual • Provision of know-how for the enhancement of operational efficiency (Social insurance office, Payment office, etc.)	Provision of the following know-how <ul style="list-style-type: none"> <li>• Formulation of an operation manual</li> <li>• Provision of know-how for the enhancement of operational efficiency (Social insurance office, Payment office, etc.)</li> <li>• Know-how for outsourcing management for system maintenance and improvement</li> </ul>	Provision of the following know-how <ul style="list-style-type: none"> <li>• Formulation of an operation manual</li> <li>• The enhancement of operational efficiency (Social insurance office, Payment office, etc.)</li> <li>• Know-how for outsourcing management for system maintenance and improvement</li> </ul>

## [Social Welfare]

	Examples of Tools and Methods to Achieve Goals		
	Preparation Stage for Social Security System	Preparation Stage for Social Security System	Preparation Stage for Social Security System
Intermediate Goal 3-1 : Infrastructure for improving system management	Improvement of child welfare administration	<ul style="list-style-type: none"> <li>• Improvement of elder care administration</li> <li>• Improvement of child welfare administration</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of elder care administration</li> <li>• Improvement of child welfare administration</li> <li>• Establishment of an information system such as a certification support network</li> </ul>
Intermediate Goal 3-2 : Capacity Development for improving system management	Improvement of child welfare administration	<ul style="list-style-type: none"> <li>• Improvement of elder care administration</li> <li>• Improvement of child welfare administration</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of elder care administration</li> <li>• Improvement of child welfare administration</li> <li>• Establishment of an information system such as a certification support network</li> </ul>



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## Chapter 3 Direction of JICA's Cooperation

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### 3-1 Issues of High Priority and Points to Consider

This chapter, based on Chapters 1 and 2, describes issues of high priority and points to be considered by JICA. When doing so, it is desirable to consider the experience and lessons learned from the similar projects that JICA has implemented in the past. However, these guidelines focus mainly on the activities that have been conducted on an ad hoc basis as there is no accumulation of completed projects from which experience and lessons can be drawn. Thus, this section contains materials focusing on comparative advantage and assistance resources based on Japan's experience in social security systems.

#### (1) Comparative Advantage<sup>35</sup> and Assistance Resources of Japan

##### 1) Comparative Advantage in the Aspects of Economy, Social Structure and Culture

From the aspect of accumulated historical experiences, Japan has a unique experience in the sector of social security, including unsuccessful cases and lessons learned that are different from that of western nations.

First, in the history of establishing social security systems, Japan was a late starter in terms of both modernization and social security systems. Therefore, the social security models of Japan adopted a unique form that was suitable for social, economic and environmental elements of Japan, while using the western-style social security systems as a base. One of the examples is the pursuit of a social security system that fits the rural community.

The social structure of Japan in the early 20<sup>th</sup> century was founded on rural communities with a high share of the agricultural sector, and history tells us that Japan actively attempted to incorporate this sector in the social security systems. The most representative case of this is the National Health Insurance System. This system can be regarded as an experience of responding to the most difficult challenge that developing countries are currently facing: specifically, how to include the informal sector effectively.

Second, similarities in a cultural kinship seem to be a large comparative advantage of Japan. Although there is a mixture of various religions in Southeast Asia, culturally, there is a tight regional bond that is characterized by strong familial ties. Japan's experience, therefore, has a certain advantage over the western-style of social systems, which are based on individualism.

Third, response to a rapid aging population is also a characteristic of Japan's social security development. Japan has experienced the aging of the population more rapidly than western nations<sup>36</sup>.

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<sup>35</sup>Looking from the perspective of comparative advantage, "social security" would select, in principle, the most adaptable system to the social and economic conditions of the concerned party. It is therefore meaningless to discuss clear advantages about systems of different countries. However, it seems meaningful to some extent to discuss advantages (or compatibility) from the perspective of adaptability to a specific situation, focusing on functions and structures of individual systems.

<sup>36</sup> The period of time required to transfer from one aging society (the rate of aging 7% - less than 14%) to another aging society (the rate of

Southeast Asian countries are also expected to age in an accelerated manner and measures for the aging society is essential from a mid- and long-term perspective. Particularly in urban areas, localized advancement of the aging population with a falling birthrate is predicted to occur more rapidly than Japan. Even difficulties and failures<sup>37</sup> that Japan experienced while dealing with the aging society may serve as useful lessons for these countries.

For instance, Japan has achieved the development of a health insurance system at a relatively early stage, but the development of welfare facilities and services was slow, resulting in some problems in dealing with elderly persons, including the so-called “social hospitalization,” “over-prescription/excessive use of medical tests” and “bedridden seniors.” Asian countries are usually more prone to delays in development of these welfare services (or social services) since they tend to rely on family care, and it is furthermore important to exchange experiences about the appropriate sharing of roles among all stakeholders as caregivers: families, the government and the market (corporations).

In areas other than aging, difficulties that Japan experienced would serve as a good reference when considering assistance associated with maturity in developing countries. The fact that integration of insurers in the health insurance system did not make progress in Japan would provide many useful lessons for developing countries that have similar problems when it comes to an integration and unification of insurers. That the introduction of the electronic receipt did not go smoothly is another difficulty Japan faced.

On the contrary, the fact that Japan maintained the system for a long time, while adopting payment at piece rates, which is considered difficult, to reduce the costs of health insurance, is not really a difficulty Japan had, but it is rather a challenge that Japan faced in determining how to manage the system while adopting the “sky is the limit” system of payment at piece rates. It is desirable for such historical experiences of Japan in social security systems to be effectively utilized.

## **2) Advantages in Information Management System/Operational Management**

While pension plans and health insurance systems are compatible with very complex information management, a nationally unified operational system is adopted, contributing to the free-insurance access to health care services.

Specific systems (for example, computerized information management) and operational management capacities did not copy those of the western nations. Instead they are regarded as a unique know-how suitable for the Japanese systems, and many of them may serve as a good

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aging 14%-21%) is called the doubling time. The doubling time of Japan is 24 years, England, 47 years, Germany 40 years, Sweden 85 years and France 115 years. According to the UN population estimates, estimates are 22 years for Thailand, 25 years for Malaysia, 22 years for Indonesia, 23 years for the Philippines, and 25 years for China.

<sup>37</sup> In preparation for the aging society with falling birthrate, certain political measures are taken for the care for the elderly, but no effective measures are set forth against the low birthrate, causing concerns over the pension benefits in the future. Hiroi (2004)  
Japan's population transition (the change that countries go through when they progress from a population with short lives and large families to one in which people tend to live longer lives and raise small families) period was during the 1970's and 1980's and was able to experience high economic growth during the population structure, which had yet to mature. At the same time it has been pointed out that the cost burden associated with the aging society was postponed due to a sort of fiscal illusion. “Experience of Japan's Social Security: Perspective of System Development Process and Lessons for Developing Countries as a Later Starter in Social Security” Yoshinori Hiroi, (2004), JICA.

reference to developing countries<sup>38</sup>.

### **3) Advantage in Social Welfare Sector**

In the social welfare sector, Japan has accumulated technologies for social work and experience in professional systems, and would also be able to contribute to the developing countries in terms of know-how on facility management. Furthermore, welfare organizations have accumulated their own know-how in establishing local care systems, such as child-consultation offices and comprehensive regional support centers. In particular, the experience in regional welfare in Japanese society, which has been developed from rural communities, may greatly contribute to the Asian rural community-based countries.

The government has presented basic direction and a system framework for many of the social welfare systems of Japan, and the local governments assume the role of executing them. Thus, in order for the measures to become effective, it is necessary for the local governments to ensure the capacity to execute the measures. In the sector of social welfare, which is effectuated when the services are provided on a locality basis, an important element is to develop and maintain the level of capacity of local governments.

The Ministry of Health, Labor and Welfare, prefectural governments and municipal and township governments continuously carry out a series of operations from understanding the welfare needs in the region in various areas to the formulation of administrative plans. Such know-how would contribute to the improvement of study design and planning capacity of the counterpart countries.

### **4) Prospective Aid Resources**

Social security systems have a public nature and many functions are controlled and managed by public organizations. It is therefore assumed that cooperation is primarily provided by government-related agencies. However, much of the support for social security systems is not the transfer of the system itself; instead, it aims to develop the capacity of stakeholders of the target country. Thus it is not necessary to limit the aid resources to those who have administrative experience. Rather, those who understand the particular conditions of developing countries and have knowledge and experience in systems of various countries, including Japan, may in some cases be the most suitable resources.

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<sup>38</sup> Nonetheless, it must be noted that the electrification and DRG in health insurance have been introduced earlier in the western nations and some Asian countries than in Japan.

### Aid Resources from the Viewpoint of Development Strategy Plans

Development Strategy Goal	Area/Issue (Intermediate Goal)	Knowledge and Skill Required	Prospective Aid Resource
Development Strategy Goal 1 : Improvement of Capacity for Policy Formulation (Research and Planning)	Development of capacity for planning and implementation of studies	Experience in social studies and needs studies Knowledge and experience on social conditions of developing countries	Officials of the Ministry of Health, Labor and Welfare Researchers Consultants National Institute of Population and Social Security Research National Institute of Public Health Japan National Council of Social Welfare
	Capacity to develop plans	Knowledge and experience in formulation of administrative plans	
Development Strategy Goal 2 : Designing social security systems (Design)	Expansion and penetration of basic information about social security	Knowledge on history of the development of social security and systems of different countries Knowledge concerning social security in developing countries	Researchers Consultants
	Development of a legal framework for establishment of a social security system	Knowledge on administrative laws, and social security laws	Specialists in administrative finance and social security law Officials of the Ministry of Health, Labor and Welfare Consultants
	Basic design for a social security system	Knowledge on pension mathematics Knowledge on health insurance and social issues of developing countries	Officials of the Ministry of Health, Labor and Welfare, researchers, consultants National Institute of Population and Social Security Research National Institute of Public Health, Japan National Council of Social Welfare, Government Pension Investment Fund
	Development of individual system devices	Those with work experience	
Development Strategy Goal 3: Infrastructure of system management/ Capacity development (Operation)	Infrastructure for improving system management	Work experience in operational system design Knowledge on the establishment of a computer system	Working-level officers of Social Insurance Agency, Social Insurance Medical Fee Payment Fund, and National Health Insurance Organization System engineers System consultants Officials of welfare administration of local governments
	Capacity Development for improving system management	Those with management experience Human development skills Training skills to improve basic operational capacity	Working level officers of local governments, Social Insurance, Agency, Social Insurance Medical Fee Payment Fund, All Japan Federation of National Health Insurance Organizations, National Health Insurance Organization, Japan National Council of Social Welfare, and Council of Social Welfare Private human development organizations and consultants Personnel of welfare facilities

In terms of knowledge obtained from the establishment process of Japan's social security systems from a historical perspective, researchers of universities and research institutions serve as effective aid resources.

Social welfare workers may also be listed as aid resources. They include case workers at the welfare department of administration, and personnel of private institutions and NPOs. The contribution of officials of welfare-related organizations is anticipated from the viewpoint of developing officials engaged in welfare and the implementation of welfare programs.

Consultants are expected to play a key role in implementing cooperation, as it has traditionally been in the past. However, it would be important from now on that the consultants play more of a supportive and secondary role, as the emphasis is towards the establishment of a self-sustained system whose management is primarily the responsibility of the counterpart officials.

## **(2) Issues of High Priority**

### **1) Countries at the Preparation Stage for Social Security Systems**

Many of the countries at this stage do not necessarily show an active mindset toward the development of social security or social welfare. National plans hardly refer to social security and no grand design has been presented. Individual systems have rarely been developed. In many countries, issues involved in social welfare systems are different, and support for identifying the necessary systems (study and analysis) is required<sup>39</sup>. Also, the average capacity of officials is notably limited, with a few exceptions, and thus the development of the operational capacity would be important to building and maintaining self-sustained systems. Some responsible officers in health insurance who have been allocated within administrative agencies are qualified medical doctors, and they are highly capable individuals. Nonetheless, sustainable management of the system would be difficult without improving the average level of competency of all staff members. The majority of the operations of basic management of the systems are based on manuals, but it is still necessary to ensure that personnel possess the capability to perform intellectual work rather than just manual work in order to implement improvements and revisions of the operational process and to establish a solid system of self-sustainable management. Support emphasizing capacity development is therefore important.

With respect to the awareness level of the officials of a recipient country, they have a low level of understanding of the impact and function of social security systems as they affect lives, as well as the society and economy of the nation. Awareness also often comes in the form of laws regarding the necessity of a social security system. It is therefore necessary to emphasize that social security is a strategic approach to improving the economy and the society as a whole. To that end, Japan should first focus on long-term educational activities through training within Japan, holding local seminars, and accepting students from other countries.

Furthermore, in the sector of social welfare, proposals of the solutions to specific problems and

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<sup>39</sup> Many countries list the issues that are rarely seen in Japan as priority issues, such as measures for street children, child prostitution, and child HIV patients.

the provision of technology and knowledge necessary to solve the problems are urgently required. Priority issues in the social welfare of those countries at the preparation stage of social security systems are mainly child prostitution, victimized children and orphans, which have already become marginal issues in Japan. Thus, it is effective and realistic to actively utilize aid organizations and manpower that have already been working in local areas.

## **2) Countries at the Establishment Stage of Employees' social security**

The countries in this category have already developed basic legal frameworks for establishing social security systems and specific systems are in place. However, they may be facing such challenges as expanding the coverage of beneficiaries and including the informal sector. Thus support for approaches to the informal sector is very significant in terms of system design. In specific terms, they are most likely interested in the establishment of a community-based health insurance system in rural areas and regions.

Since financial and information management is also unstable, support for a stable system of management is important. Support that contributes to stability of the system is promising, such as provision of the method of an information-management system and financial control. The method of expanding the coverage to the informal sector and collection of insurance premiums are closely related to each other, and support in this sector should also be in sought.

In the area of social welfare, it is considered effective to perform social surveys in order to understand the issues concerning living conditions in both urban and rural areas. Many of these countries have growing concerns about expanding poverty gaps between urban and rural areas such as the poverty issues in rural areas and poverty/social issues in urban areas.

## **3) Countries at the Stability and Expansion Stage of Social Security System**

The countries at this stage have already established their own systems in terms of system design for pension plans and health insurance, and are working to improve these systems. The number of insured persons as well as management organizations is on the rise, and they require advanced information-processing technology to accurately and efficiently process a large volume of information and to collect more data. In this sense, they require the same level of system management as developed nations.

Support for these countries would be to promote a continuous and stable system management, such as a project to improve operational management for system management. (Reform of the Public Health Services in Thailand is one such JICA project of this kind.)

Meanwhile, these countries are voicing concerns about aging populations and they are in the phase to discuss measures to deal with an aging society from a mid- and long-term perspective over the next 20 years or so. From this, they are most likely interested in general information about Japan's measures for an aging society. Japan's efforts in the area of aging policy still consist of a series of trials and errors, but some support may be available through seminars and workshops.

With the development of pension plans and the progression of health insurance, the established

system for provision of public services in the area of social welfare is limited and only a few welfare services are being offered to the general public. Since there are many areas that have not been resolved or addressed, the scope of cooperation seems to cover a wide range of activities.

### **(3) Points to be Considered When Providing Cooperation in the “Social Security Sector”**

#### **1) Envisioning Ideal Conditions of the Target Country**

Social security systems have a universal objective in the sense that they are essential for the security of the people and stability of society. However, specific systems vary depending on individual countries and different times.

When providing support for establishing systems, it is therefore important to share among stakeholders the target country's vision or the characteristics of the society.

A social security system should be designed through discussions and agreement on basic elements, such as economic and labor-market structure, politics, the concept of equality and social fairness, and the notion of happiness, which are based on the history, traditional culture and religious beliefs, unity of family and community as well as the solidarity of the people. Therefore, when designing cooperation, it is necessary first to know the attitude of the government of the partner country towards the direction of basic nation-building with long-term perspective,

#### **2) Avoidance of Political Risks**

On the other hand, the establishment of social systems concerns the sovereignty of nation-states, and a quick and easy intervention may be risky because it may be taken as interference in domestic affairs. Thus it must be addressed with caution.

Social security systems are in many cases directly linked to the guarantee of the status and economic interests of public servants and military personnel, and therefore, they are not necessarily discussed from the standpoint of welfare alone. In some socialist countries or socialist countries in transition to market economics, employees' social security is directly related to labor issues (political party), and it may interfere with political decisions. Thus support needs to be provided with care. It is also necessary to fully consider the risks involved in policy changes associated with a regime shift.

#### **3) Necessity of Long-term Perspective**

When actually carrying out cooperation, the least developed countries often require a long period of time to develop the concept of social welfare. Particularly the least developed countries in Asia and the countries under the political influence of socialism and a military government do not have a sufficient background to embrace the concept of social welfare itself based on democratic principles.

In these countries, it is important to foster an understanding among stakeholders over time and with care regarding the necessity of the system, instead of promoting the hasty establishment of a system.

#### **4) System Development According to Socio-economic Development Stages**

To a large extent daily life in developing countries is run by elements other than a money-based economy, and livelihood security is not necessarily synonymous with income security. Measures utilizing other means of support should be fully considered, besides income security; such means include securing of housing and provision of social services.

In some areas, the so-called Micro fund is being established, which forms a fund suitable for limited monetary income in a local community. Assistance should be provided in such a way to tap the latent strengths of residents in their own activities. In this respect, there should be an option to design a system unique to the locality, while at the same time considering the possibility of establishing a nationally integrated system in the future.

Development of a health insurance system in regions where health services are not sufficiently provided may result in having a system without services. The development of a social security system itself would not create service provision and solve problems. Instead, the role of a health care system is to ensure access to the developed social capital from a fair and equal point of view. Thus, a health care system without services is equivalent to putting the cart before the horse.

#### **5) Consideration for Regional Disparities**

In general, there are often disparities in the development of social capital and the economic and living standards between urban and rural areas. This tendency is particularly notable in developing countries. The gaps between rural areas and urban cities appear in the difference in lifestyle, besides economic disparities. Bangkok, Thailand, is already an international city with an urbanized lifestyle and thorough penetration of a money-based economy. On the other hand, rural areas in Thailand have an informal economy, including a barter exchange system, and the mutual-assistance role that families play is strong. This phenomenon is found in a very small capital city like Vientiane and rural areas in Laos, and the social issues they face are different in many cases.

Thus, it is necessary to consider the system design separately between urban and rural areas to tailor the system according to individual needs.

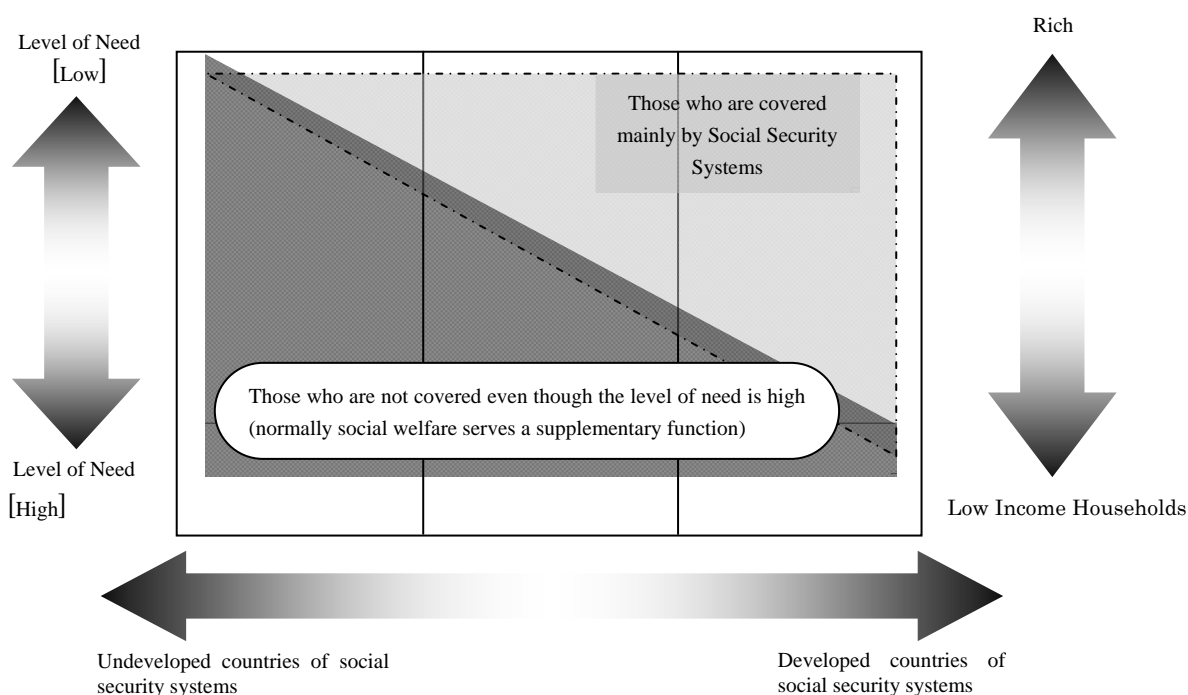
#### **6) Consideration for “Development Stages” and “Disparities” in Training in Japan**

As described above, the experience and information sent from Japan vary greatly according to the development stages and target regions for social security. Such points should be considered when offering training in Japan. Traditional training in Japan tends to be offered in such a way as to provide trainees with information highlighting health insurance or pension insurance, but in reality, the scope or the target of their interest varies greatly between those countries with developed social security systems and those in the process of developing them. Thus, when implementing training programs, it is important to understand the development stages in social security systems of the trainees' country and needs of the trainees as to whether they are interested in the agriculture sector or urban workers, before formulating a training program.



## 7) Further Consideration for those with High Assistance Needs

As mentioned at the beginning of Chapter 2, the development of a social security system is consistent with the direction of “human security” and “Millennium Development Goals,” and it signifies support from a humanitarian perspective. However, the expansion of the health care system and pension plans (particularly, the introduction of systems based on social insurance principles accompanies the payment of insurance premiums) tends to start with the coverage for higher income individuals. Thus, those who are living below the subsistence level of income, who are supposed to be the most protected, often fall out of the social security net. The interest of aid-recipient governments tends to focus on the protection of the productive-age population which contributes to the strengthening of economic power and the input of resources to the socially vulnerable (particularly, the elderly and persons with disabilities), whose cost efficiency seems small, is likely to be left out. Even in those countries with relatively advanced social security systems, such as Thailand and Malaysia, protection for these groups is sometimes insufficient.



Therefore, when promoting the development of social security systems, it is important to simultaneously give political consideration to those who have a high level of need. Approaches to these groups of people are generally centered on the provision of public assistance, such as social assistance (livelihood protection in Japan) based on the assistance principles. However, in many cases, the methods within the scope of conventional international cooperation remain significant, such as rural development, utilization of the Micro fund, and improvement of agricultural technology. Therefore, it is necessary to integrate the efforts that go into envisioning the future development of social security

systems into the conventional assistance in other areas<sup>40</sup>.

## **8) Respect for Traditional and Religious Elements**

There are some cases where religious organizations and similar bodies play an important role in social welfare and serve the social security function not only in developing countries but also in developed countries<sup>41</sup>. Temples, churches and mosques run facilities to protect orphans and elderly widows in many developing countries<sup>42</sup>. These existing traditional and indigenous organizations maintain a strong public faith and virtually function as social welfare organizations, and it is worth considering assistance for temples as a type of logistic support. At the same time, as public social welfare services expand, it is necessary to give consideration as to how to maintain harmony with these traditional services.

In health-related areas, faith healers, exorcists, and folk healing practices are widely used, and as having an alternative function in remote areas that have very limited access to basic health care and welfare services. These old local practices and traditional assistance services must be respected unless they harm the health of the residents or prevent the introduction of more effective methods.

### **3-2 Future Issues**

#### **(1) Issues in Ensuring Human Resources**

Training specialists in the “social security” sector is an urgent task. Japan has many experts in social security systems of Japan and western countries, but few of them are capable of working in foreign languages, have enough knowledge of social security systems in developing countries, and are able to undertake assignments abroad for a fixed period of time.

Experts must have skills in capacity development. Although it depends on the objectives of a project, skills to elicit close communications with and capacity from the counterpart personnel are required, when promoting cooperation in the practical management of systems.

Stakeholders in special fields, especially experts directly engaged in system management at the work site, cannot leave the domestic site for a long period of time, and thus have difficulty working overseas. Those experts who are engaged in system management at the work site do not have much overseas experience, or their language proficiency is not fluent enough. Therefore, further study is necessary to devise strategies to reduce the burden of the experts: for example, a combination of short-term dispatches with training in Japan.

Furthermore, fostering experts in “international cooperation in the social security sector” in Japan through educational and research institutions like universities, and various seminars and training

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<sup>40</sup> For instance, it may be possible to establish a fund such as Micro fund in rural development programs. It may also be possible to integrate business associations and accompanying systems into support programs for the commercial sector.

<sup>41</sup> Japan is rather unusual in this respect for not having many facilities run by religious institutions. Also the influence of religious institutions on volunteer activities such as grass-roots activities is weak in Japan, but they play a very important role in western and Southeast Asian countries.

<sup>42</sup> See p. 215 “Discussion Paper on Poverty Reduction and Human Security” JICA (2005) for the role of Buddhism in the development of social security systems.

programs is an important issue for the future. The number of foreign students from developing countries who learn Japan's social security policy and measures against aging issues is steadily increasing, and the development and the expansion of acceptance of such students is of great importance from the long-term capacity development in developing countries.

## **(2) Coordination with Other Areas**

Cross-sectoral partnership in issue-specific approaches of JICA is also significant. Consistency and cooperation are essential with the family registration system. Also important are the computerized personal data system, the tax system, the subsidy system, and the fiscal system, cross-governmental partnership of the beneficiary country and cross-sectoral coordination of resources in aid countries.

In the area of health care, the provision of a system of medical services and a health insurance system that provides services are inseparable. In order to avoid a situation where there is a system but no service, it is necessary to give consideration to a system design that is consistent with cooperation schemes in the health and medicine service areas.

Many low-income household issues or the social welfare issues are closely related to poverty issues and are inseparable with such traditional issues as rural development, regional development, agricultural technology development, improvement of health and hygiene, and employment and labor.

Further cooperation between traditional areas and the social security sector is necessary in order to promote cooperation in the social security sector as a new sector, while utilizing the traditional cooperation framework.

## Annex 1. Major Cooperation Projects

JICA supports the following areas as cooperation in the “social security” sector: “social insurance/social welfare,” “support for persons with disabilities,” and “labor/employment.” Thus far, many cooperation projects are in the area of “employment/labor,” focusing on vocational training and labor safety and hygiene, and the cooperation in the area of “social insurance/social welfare” was limited. In the area of social welfare, JICA has provided assistance in the form of short-term dispatches of experts and the dispatch of JOCV, but long-term assistance was limited.

Long-term dispatch of experts in the “social security” sector to Southeast Asia has been in action since 2000. Understanding of current situations has been promoted and specific projects and study projects have been launched. The scope of cooperation in “social insurance/social welfare” has also been expanded, represented by the implementation of social welfare projects (elderly welfare and child welfare) in Central and South America.

### 1. Technical Cooperation Projects

Project Title	Description	Period
Health care Center for the Elderly in Korea	Technology transfer is made to the Health care Center for the Elderly, which the Korean Sacred Foundation is planning to establish. It targets cerebral embolism, which is a notable cause of many deaths and bedridden patients in Korea. The purpose is to improve the quality of health and the quality of life of elderly persons in Korea, within the following comprehensive framework of activities: 1. Disease prevention (internal medicine), 2. Diagnosis (internal medicine, radiology), 3. Treatment (internal medicine, surgery), 4. Rehabilitation, 5. Home nursing, 6. Research (epidemiology, nutrition)	1990.11 - 1995.10
Project on Assistance of Public Health Insurance Information System Development in Thailand	It supports system development and improvement of management capacity of the National Health Insurance Agency to implement nationwide coverage of the health insurance system in Thailand. Specific activities are as follows: 1. Accumulation of knowledge and information necessary for system development for paperwork involved in health insurance; 2. Improvement of capacity development of operational processing of the National Health Insurance Agency through the establishment of a pilot system; and 3. Proposal on the improving health insurance office system, based on the achievements of the pilot system.	2003.7 - 2006.7
Project of Rehabilitation for Female Street-children in Mexico	In Mexico City where the number of girls who live on the streets has increased, this project aimed to have such girls (in recent years, more than half of such girls are dependent on some kind of drugs) be socially rehabilitated through physical and mental recovery and capacity development and implemented activities such as 1) departure from drug dependence, 2) reduction of violent behavior, 3) acquisition of social ability not to revert back to life on the streets, 4) going back to school, and 5) acquisition of social participation ability through vocational training. Upon implementation of this project, “Casa Alianza”, a local NGO, was	2004.11 - 2007.11

	utilized for vocational training, Japan Overseas Cooperation Volunteers and experts were dispatched.	
Project on Social Welfare Policies for the Elderly in Chile	In Chile, the country with the third highest aging rate in Latin American, the important issues were care for the increasing elderly population, health promotion business and implementation of welfare services. This project aimed to develop the ability of welfare administration for the elderly in Chile and introduced a general and comprehensive welfare plan for the elderly carried out by the local governments of Japan where welfare for the elderly has advanced. Through this project, Chile carried out 1) provision of comprehensive consultation service for the elderly, 2) formulation of the plan on health promotion business and 3) establishment of the cooperation system between the central and local governments, etc., which meet the current circumstances of each local government.	2004.10 - 2007.9
Development Study on the Improvement of Pension Systems in Rural China	With regard to the rural society endowment insurance system which have been implemented in various regions in China, valuation and monitoring will be implemented in eight (8) targeted areas to find improvements in the systems and to improve the implementation of such systems. In addition, based on the results of this evaluation and monitoring, the rural society endowment insurance system which could be spread throughout the country and stably operated was clarified and further, the policy recommendations for the purpose of widespread use throughout the country as a sustainable public pension system were arranged. Further, through implementation of the survey, capacity development was carried out in relation to the establishment of a pension system for staff of the Ministry of Labour and Social Security and also targeted local government.	2006.1- 2009.1
The Project on the Development of a Community Based Integrated Health Care and Social Welfare Services Model for Older Persons	It is expected that Thailand will experience a rapid aging society in the near future and in order to improve the quality of life of the elderly, it is necessary to prepare a model to implement current inefficient services more effectively by organizing and consolidating them. Based on this situation, the project establishes a framework of cooperation among organizations which are involved in healthcare and welfare services for the elderly in the targeted areas (one tambon in four provinces, respectively, i.e., Khon Kaen, Chiang Rai, Surat Thani and Nonthaburi), and analyzes situation of healthcare and welfare services for the elderly in the targeted areas to formulate an integrated model plan. In addition, through implementation of this project, it is aimed to strengthen the capacity of personnel who engage in healthcare and welfare services for the elderly.	2007.11- 2011.11

(Source) JICA Website (<http://gwweb.jica.go.jp>)

## 2. Japan Overseas Cooperation Volunteer

### (1) Elderly Assistance

		Asian Region			Classified Total	African Region	Classified Total	Pacific Region	Classified Total	North America and Latin American Region															Classified Total	Total
Classification of Volunteers	Job Type	Sri Lanka	Thailand	Loas		Gabon		Palau		Argentina	Uruguay	Ecuador	Costa Rica	Colombia	Chile	Dominican Republic	Nicaragua	Panama	Paraguay	Brazil	Peru	Bolivia	Honduras			
Senior Overseas Volunteers	Social Worker		2		2					1														1	3	
	Nutrition Improvement		1		1																				1	
	Basic Health		1		1																				1	
	Occupational Therapist		1		1																				1	
	Social Welfare									2	1										1	1	5	5		
	Comprehensive Regional Development Project														1									1	1	
	Gymnastics												2											2	2	
	Culture														1									1	1	
	Physical Therapist		1		1																				1	
Classified Total			6		6					1	2	3		2							1	1	10	16		
Japan Overseas Cooperation Volunteers	Computer Technology													1	3									4	4	
	Social Worker	3	2		5	1	1																		6	
	Nutritionist										1				1			1							3	3
	Housekeeping																1						1	2	2	
	Nurse							1	1						4									4	5	
	Tourist Industry														1									1	1	
	Construction Machine			1	1																				1	
	Occupational Therapist												2		5	1									8	8
	Handcraft														2										2	2
	Swimming												3												3	3
	Gymnastics	1			1											2									2	3
	Health Nurse															2									2	2
	Vegetable															3									3	3
	Care						1	1																		1
	Physical Therapist												1		2										3	3
Acupuncture and Massage															2									2	2	
Classified Total		4	2	1	7	2	2	1	1		1	6	1	27	1	1	1						1	39	49	
Japan Overseas Cooperation Volunteers (short term)	Physical Therapist	1			1																				1	
Classified Total		1			1																				1	
Japanese Society Senior Volunteers	Welfare									1						1			1	7		1		11	11	
	Health Nurse																					1		1	1	
	Acupuncture and Massage															1									1	1
Classified Total										1						2			1	7		2		13	13	
Japanese Society Youth Volunteers	Elderly Care									2									4	5				11	11	
	Social Welfare Counselor															1								1	1	
Classified Total										2						1			4	5				12	12	
Total		5	8	1	14	2	2	1	1	4	2	1	9	1	29	4	1	1	5	12	1	2	2	74	91	

## (2) Support for Street Children

Total Classified Total	North America and Latin American Region										Classified Total	Middle East Region	Classified Total	European Region	Classified Total	African Region	Classified Total	Asian Region	Job Type	Classification of Staff				
	Mexico	Honduras	Bolivia	Paraguay	Nicaragua	Colombia	Guatemala	Morocco	Egypt	Yemen											Romania	Rwanda	Burkina Faso	Niger
1																		1	1			1	Social Welfare	Senior Overseas Volunteers
1																		1				1	Classified Total	
15	3						3																Social Worker	Japan Overseas Cooperation Volunteers
1	1			1																			Music	
3											3												Housekeeping	
1	1		1																				Nurse	
2																		2	2				Automobile Service	
3	1	1						1			1					1							Handcraft	
1	1																						Judo	
1											1					1							Primary School Teacher	
1											1					1							Edible Crop, Rice Cultivation	
24	7	3	1	1		2	8	1	6	1	9			1		4	3	1					Youth Activities	
2	2	1																					Village Development Promoter	
1																		1					Electronic Device	
1	1																						Beautician	
1	1																1						Woodwork	
1											1					1							Welding	
2																		2	2				Refrigerating Equipment	
60	18	5	1	1	1	2	9	1	7	1	3	25	1	3	1	5	1	5	5				Classified Total	
1											1	1											Social Worker	Japan Overseas Cooperation Volunteers (short term)
3	1									1									1	1			Youth Activities	
4	1									1	1								1			Classified Total		
65	19	5	2	1	3	2	10	2	7	1	3	26	2	3	1	5	2	5	7	1	1		Total	

## 3. Study Project

Description	Title	Year
Report on Support Research	Basic survey in relation to social safety network – for the purpose of establishment of social safety network in developing countries	2003
Report on Support Research	“Development of Japan’s Social Security System -An Evaluation Implications for Developing Countries- ” (in Japanese and English)	2004
Report by Visiting Researcher	Facing up to the Problem of Population Aging in Developing Countries: New Perspectives for Assistance and Cooperation.	2006
Report by Visiting Researcher	Financial Market Enhancement and Social Security in the Ageing East Asia-Possible Area of Intellectual Assistances-	2008

#### 4. Grass-root Technical Cooperation

Type	Project Name	Country Name	Period
Partner Type	Okayama – Shanghai Teachers for Elderly Care Training Center	China	2005-2008
Cooperation and Support Type	Project for Information Center in relation to Orphans and Establishment and Management of Orphans' Home	Sri Lanka	2003-2006
Local Suggestion Type	Technical Training for Support of Elderly Care	China	2006-2008
Local Suggestion Type	Plan on Improvement of Buildings for Elderly in Cold Regions	China	2004-2006

#### 5. Yen Loan

The followings are the cases in which improvement of social security systems of support receiving countries have been promoted through structural adjustment lending, etc.

Project Title	Scheme	Objective	Amount	Fiscal Year
Social Sector Adjustment Program in the Kyrgyz Republic	Co-financed loan with the World Bank	This program aims to improve the balance of payment of the Kyrgyz Republic whose economy was experiencing great hardship as a result of the Russian economic crisis. It also provides support for the reform of social security systems, such as the pension system, which placed a burden on the state finances. The pension plan was under a transition from the system in which payment is made regardless of its participation, to a system in which payment is made according to the premiums paid and to the retirement age. However, adjustment of benefits was not able to keep up with the pace of inflation due to the fragile economy which imposed negative impacts on pensioners.	¥2 billion 318million	1999
Thailand Economic and Financial Adjustment Loan	Co-financed with the Second Economic and Financial Adjustment Loan of the World Bank	It is a structural adjustment loan provided as a part of assistance to help the Thai economy recover, based on the New Miyazawa Initiative. It aims to strengthen the structure of the Thai economy through financial reform, enterprise reform, and the promotion of privatization, while seeking a short-term economic recovery by	Equivalent to US \$60 million	1999



		extraordinary spending increases as social security and employment measures.		
Russia Coal Sector Adjustment Loan	Co-financed with the second Coal Sector Adjustment Loan of the World Bank	It is a structural adjustment loan for the support of the Russian coal sector reform. The reform plan, or the loan condition, included the phrase, "improvement of the social security system for mineworkers who will be affected by the reform."	Equivalent to US\$ 80 million	1998

(Source)Compiled by UFJ Research Institute based on the information obtained from the JIBC website (<http://www.jbic.go.jp>)

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## Annex 2. Major Donors' Activities on "Social Security"

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### 1. World Bank (WB)

#### [Policy]

The World Bank formulated the Social Protection Sector Strategy in 2000, in which "social security" was repositioned within a wider framework, incorporating the viewpoint of "social risk management" rather than the conventional category of assistance component.

Newly introduced "social protection" is defined as public interventions to help individuals, households, and communities better manage risk and provide support to the incapacitated poor.

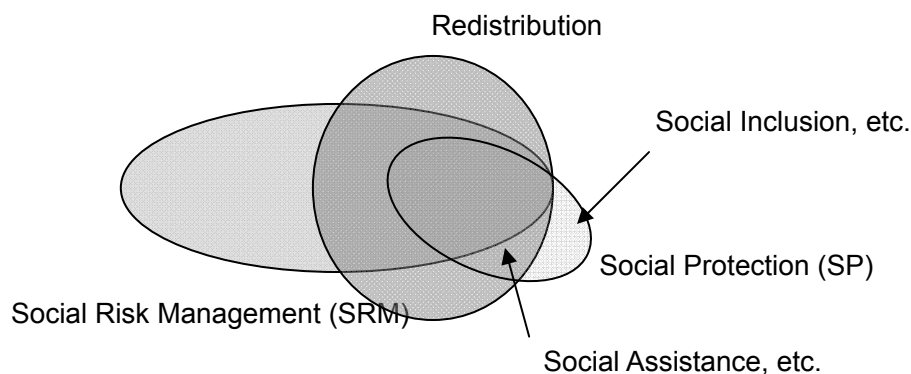
#### ■Correlation Among Social Risk Management, Redistribution, and Social Protection

As described in the following chart, three domains, namely Social Protection, Redistribution, and Social Risk Management, are regarded as being an overlapping concept. Although the boundary of each domain varies depending on the political choice of each country, some common features are described below.

The outside of Redistribution and Social Risk Management within Social Protection is defined as Social Inclusion. The part included in Redistribution and Social Protection but excluded from Social Risk Management is defined as Social Assistance or Income Support, the support system for the lowest income groups.

Besides, investment in infrastructure development for particular target groups to prevent and alleviate their risks is excluded from Social Protection but included in Redistribution and Social Risk Management. The part representing the Redistribution alone can be exemplified as progressive tax. Sound macroeconomic policies in normal times are not included in Social Protection but in Social Risk Management.

#### Correlation Chart of Social Risk Management, Redistribution, Social Protection



(Source) Compiled by the UFJ Research Institute based on The World Bank (2000) Social Protection Sector Strategy—From Safety Net to Springboard

Within this new framework, the World Bank re-assesses social security from the aspect of risk management for economic development, and promotes support for system reform, in addition to achieving social equality. At the same time, emphasis is placed on social security as a tool to achieve the Millennium Development Goals (MDGs). The World Bank also undertakes discussions as to how the Social Protection Program can contribute to the global Agenda of MDGs.

The World Bank discusses the impact and effect of social protection on each of the eight MDGs and points out the following five elements<sup>43</sup>.

- (vi) Each policy in labor market and the governance of social security has an impact on growth and income, thus reducing poverty as a result.
- (vii) The improvement of risk management contributes to reduction in poverty. Poverty would be reduced and prevent a non-poor individual from becoming entrapped in poverty due to layoffs, by avoiding the shock of not being able to get over long-term poverty, and by avoiding an inefficient leveling of income of the poor.
- (viii) Social aid would alleviate poverty. Particularly when beneficiaries access the services, it contributes to the improvement of health and education.
- (ix) Improvement of access to education and health care services would be provided directly by social funds and public works that undertake the improvement of roads, schools, and medical institutions, and indirectly by income improvement.
- (x) In programs for vulnerable groups, such as persons with disabilities, orphans, and victims of child labor, that negatively affect children, and the elderly, the vulnerable class will be able to share in this process.

The following points are listed as strategies for the “Social Protection” sector in a new conceptual framework mentioned above:

- i) To grasp social security within the context of “social risk management”;
- j) To view social security from all aspects, without being limited to the provision of security;
- k) To maintain a balance among risk response, risk mitigation, and risk prevention;
- l) To maintain a balance among public, private, and informal programs;
- m) To select means according to the type of risk;
- n) To try to prevent risks;
- o) To adapt the method of risk management to the needs; and
- p) To involve stakeholders in the formulation and implementation of programs.

Based on these strategies, the World Bank has developed Social Protection programs in various schemes: namely study, technical cooperation, loans, and conferences / workshops / development of educational materials. The areas of cooperation are wide, but the World Bank plays a leading role amongst the international donors, particularly in support for public pension systems.

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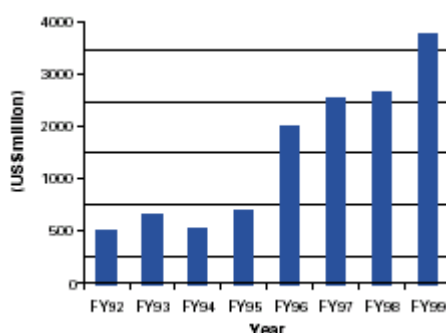
<sup>43</sup> The World Bank (2003) “The Contribution of Social Protection to the Millennium Development Goals”

Averting the Old Age Crisis, presented by the World Bank in 1994, not only set forth the concept and approaches to the pension area of the World Bank, but also brought about fierce controversy on international cooperation in the area of pension<sup>44</sup>. Some flexibility was allowed in the pension strategies of the World Bank in an echo of criticism by not only the ILO or ISSA (International Social Security Association), but also the Vice-President of the World Bank. As a result, a new pension policy of the World Bank was released in 2005 for the first time in 10 years, entitled “Old Age Income Support in the Twenty-first Century: An International Perspective on Pensions System and Reform.” The paper presents a multi-pillar (consisting of five pillars) pension policy, which abandoned the insistence on funded pension. Several options are presented with respect to the ideal form of pension reform, and a system in accordance with the development stage of history and political/economic/social conditions of each country.

### [Achievements]

Social Protection is a fairly new area for the loan assistance of the World Bank, and the loan amount in this area has rapidly increased in the past 10 years as shown in the following graph.

**Amount of Social Protection Loans of the World Bank (FY92-FY99)**



(Source) The World Bank (2000) *Social Protection Sector Strategy—From Safety Net to Springboard*

**Table A 1: Recent Cooperation by the World Bank**

Country	Project Title	Amount	Outline
Social Insurance			
Chile (2003-2007)	Social Protection Sector Adjustment Loan	\$200 mil	<ul style="list-style-type: none"> <li>Support for the following activities together with maintenance of the macroeconomic framework to achieve economic growth and poverty reduction: <ul style="list-style-type: none"> <li>Improvement of access to social protection and expansion of social services by implementing measures for poverty reduction and social security</li> </ul> </li> </ul>

<sup>44</sup> The World Bank has emphasized “three pillars for a pension system: namely a tax financed subsistence pay-as-you-go pension, a mandatory full reserve financing defined contribution-type for social insurance, and a voluntary pension. The ILO, on the other hand, has contended that a defined-benefits pension of pay-as-you-go systems should be adopted particularly for the second pillar, a mandatory social insurance.

			<ul style="list-style-type: none"> <li>- Promotion of efficiency of social policy through the improvement of information systems</li> <li>- Strengthening of monitoring and evaluation of social policy</li> <li>- Improvement of sustainability of social policy</li> </ul>
Bosnia and Herzegovina (2004-2006)	Social Protection Sector Adjustment Loan	\$51 mil	<ul style="list-style-type: none"> <li>● Protection of the poorest groups and the handicapped, and support for fiscally sustainable social protection systems</li> <li>● Focusing on the following as priority issues <ul style="list-style-type: none"> <li>- Protection of injured veterans and their families</li> <li>- Improvement of the social safety net for the poor</li> <li>- Enhancement of employees' welfare system at national and community levels</li> <li>- Improvement of the pension system and protection system of the handicapped</li> <li>- Improvement of information systems for the above</li> </ul> </li> </ul>
<b>Social Assistance</b>			
Ukraine (2005-2008)	Social Assistance System Modernization Project	\$101.78 mil	<ul style="list-style-type: none"> <li>● Pursuit of improving and streamlining social assistance systems</li> <li>● Major components are as follows: <ul style="list-style-type: none"> <li>- Improvement of provision of services through modernization and capacity development of social welfare offices in local areas and capacity and reform of office procedures from the program-based approach to the function-based or beneficiary-based approach</li> <li>- Capacity development of the Ministry of Labor and Social Policy towards the progress of social assistance policy</li> <li>- Strengthening of the implementation capacity for the programs of the Ministry</li> </ul> </li> </ul>
Palestine (2004-2008)	Social Safety Net Reform Project	\$82.5 mil	<ul style="list-style-type: none"> <li>● Reduction of the influence of economic and social crisis imposed on the socially vulnerable. Specifically, the following activities are implemented: <ul style="list-style-type: none"> <li>- Capacity development of the Ministry of Society</li> <li>- Support for the implementation of social assistance programs of the said ministry: Health and nutrition programs for infants of the poor</li> </ul> </li> </ul>
Jamaica (2001-2006)	Social Safety Net Project	\$77.5 mil	<ul style="list-style-type: none"> <li>● Support for the establishment of effective and financially favorable social assistance systems for the poor and the vulnerable</li> <li>● Specifically, support for the following actions <ul style="list-style-type: none"> <li>- Provision of subsidies so that poor infants can visit hospitals and poor children can go to schools</li> <li>- Benefits to help pregnant women and the handicapped visit hospitals</li> <li>- Capacity development of the Ministry of Labor and Social Insurance and organizations involved in the operation of</li> </ul> </li> </ul>

			social protection - Establishment of the mechanism of an insurance system for temporary workers - Improvement of skills for information analysis concerning social protection
Egypt (1999–2005)	Social Protection Initiative Project	\$5 mil	<ul style="list-style-type: none"> <li>● Development of uniform assistance programs for children in difficulties and upgrading of management capacity and improvement of services of the Ministry of Insurance and Social Affairs (MISA)</li> <li>● Major components are as follows:             <ul style="list-style-type: none"> <li>- Provision of support services for handicapped children and their families. Support for the organizational capacity development of the MISA, including the implementation of needs assessment study, monitoring and evaluation.</li> <li>- Support for the national-level initiatives to establish the standards of services and formulation of guidelines for children facing difficulties.</li> </ul> </li> </ul>

(Source) Compiled by UFJ Research Institute from the World Bank Website (<http://web.worldbank.org/>)

## 2. Asian Development Bank (ADB)

### [Strategy]

The Asian Development Bank (ADB) has been actively promoting assistance in the social security sector in the Asian-Pacific region since the adoption of the Social Protection Strategy (SPS) in September 2001<sup>45</sup>. The Poverty Reduction Strategy (PRS) (1999, 2004) of the ADB lists three pillars of assistance: namely pro-poor sustainable economic growth, inclusive social development and good governance. The SPS is identified as part of the second pillar, social development.

In the SPS, social protection is defined as a set of policies and programs designed to reduce poverty and vulnerability by promoting an efficient labor market, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income. Social protection deals with the following five sectors<sup>46</sup>.

- f) Labor market: improvement of the working environment, etc.
- g) Social insurance: employment insurance, health insurance, damage insurance/pension, retirement pension, widow's pension, etc.
- h) Social assistance (welfare): mother-child households, homeless people, persons with disabilities, etc.
- i) Micro and area-based schemes to protect communities: insurance for micro enterprises, agricultural insurance, a natural disaster fund, etc.
- j) Child protection: protection of the healthy upbringing of children (0~18 years of age)

<sup>45</sup> As the reasons why the ADB acknowledged the need for greater attention to social protection issues, the SPS lists the following events: the experience in Asian crisis, limitation of social security systems in transitional countries in the region, collapse of communities along with modernization, and concerns over fluctuation of macro economy associated with globalization. ADB (2001) *Social Protection Strategy*, Introduction. ADB (2001) *Social Protection Strategy*, Introduction.

<sup>46</sup> In adherence with the spirit of this study, the components corresponding to health care, pension, and welfare (items ②~⑤) among five components mentioned above shall be dealt with and summarized, with respect to the project list and project cases.

The SPS states that social protection assistance should be carried out in line with the social needs and the existing systems of the recipient country, and particular attention must be paid to the following four points, in principle, when formulating social security projects.

- e) Coverage: Inclusion of the poor and informal sector into social protection systems, appropriate collection of insurance premiums and prompt payment of insurance claims, setting of adequate amount of benefits;
- f) Vulnerable Population Groups and Gender Issues: Particular attention to women, immigrants, orphans, and homeless people;
- g) Sustainability and Good Governance; Ensuring social security resources, consideration to the redistribution function of social security (benefits to the poor), establishment of appropriate social security institutions (public, private, NGOs and mix) and efficient management systems, and cost-effectiveness of interventions; and
- h) Chose Partnership with Other Sectors.

### [Achievements]

When looking at the trend of shares of the social security loan to the total loans of the ADB, it was merely 1% during 1986 and 1988 and increased to more than 13% during 1998 and 2000. This drastic increase comes from the impact of the Asian economic crisis. Still, approximately 10% is allocated to the said sector even after 2001, the year the SPS was formulated<sup>47</sup>.

Support programs implemented in the social security sector in 2003 listed in the SPS Progress Report (September 2004) are given below in Table A2. (Please note that this list includes projects that do not cover the intended objectives of this paper.) Outlines of major projects are described below in Table A3<sup>48</sup>.

**Table A2: Recent Cooperation by the ADB**

Component	Social Protection Loan			Partial Social Protection Loan <sup>49</sup>			Total
	Approved	Under Processing	Pipeline	Approved	Under Processing	Pipeline	
General	0	3	2	0	0	0	5
Labor Market	2	1	0	2	1	0	6
Social Insurance	1	0	0	1	2	1	5
Social Assistance (Welfare)	1	0	0	1	3	0	5
Micro/ Regional Protection	0	0	0	4	5	0	9
Child Protection	0	0	0	0	2	0	2
<b>Total</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>8</b>	<b>13</b>	<b>1</b>	<b>32</b>
Component	Social Protection TA			Partial Social Protection TA			Total

<sup>47</sup> ADB (2002) *Social Protection Strategy-Progress Report to the Board of Directors*, p. 6.

<sup>48</sup> However, it excludes projects that contain general components and partial protection components.

<sup>49</sup> Partial Social Protection Loan and Partial Social Protection TA refer to loans or technical assistance projects that partially contain components related to social protection.

	Approved	Under Processing	Approved	Under Processing	
General	8	2	2	1	<b>13</b>
Labor Market	8	3	5	1	<b>17</b>
Social Insurance	5	3	2	2	<b>12</b>
Social Assistance (Welfare)	2	1	7	15	<b>25</b>
Small/ Regional Protection	1	0	11	2	<b>14</b>
Child Protection	3	0	6	2	<b>11</b>
<b>Total</b>	<b>27</b>	<b>9</b>	<b>33</b>	<b>23</b>	<b>92</b>

(Source) Compiled by the UFJ Research Institute from the *Social Protection Strategy-2003 Progress Report to the Board of Directors*, ADB (2004)



**Table A3: Recent Cooperation Projects by the ADB**

Country	Project Title	Amount	Outline
<b>Social Insurance</b>			
Pakistan (2002)	Strengthening of Pension, Insurance and Saving Systems	\$3 mil (LOAN)	<ul style="list-style-type: none"> <li>● Support for the implementation of studies on pension, insurance, and saving systems</li> <li>● Support for capacity-building of related public organizations</li> </ul>
Thailand (2002)	Pension System Design	\$0.6 mil (AOTA)	<ul style="list-style-type: none"> <li>● Support for the government as the first phase of pension reform through technical cooperation</li> <li>● There are four assistance areas: 1) preparation of the drafting of laws, 2) creation of the fiscal and pension mathematic models, 3) analysis on the necessity of management and control, and 4) training and publicity activities.</li> </ul>
Indonesia (2003)	Pension Reforms for the Non-organized Sector	\$100 mil (AOTA)	<ul style="list-style-type: none"> <li>● Discussion on the feasibility of the introduction of voluntary participation in private pension schemes of the non-organized sector. Activities include conducting nation-wide studies, and classification of potential participants, development of appropriate pension products, in addition to the discussion on the regular management framework</li> </ul>
China (2003)	Support for Policy and System in Social Security Administration	\$0.7 mil (AOTA)	<ul style="list-style-type: none"> <li>● Support for the enhancement of organizational capacity of social security administration</li> </ul>
China (2003)	Advisory Support for the National Council for the Social Security Fund	\$0.5 mil (AOTA)	<ul style="list-style-type: none"> <li>● Support for strengthening organizational capacity of the National Council for Social Security Fund through the introduction of a risk-management framework and management information</li> </ul>
China (2003)	Policy Support for the Council for State Asset Management	\$0.5 mil (AOTA)	<ul style="list-style-type: none"> <li>● Support for strengthening of organizational capacity of the Council for State Asset Management</li> </ul>
Vietnam (2003)	Social Security System in Vietnam	\$0.75mil (AOTA)	<ul style="list-style-type: none"> <li>● Support for the feasibility study on the expansion of coverage of social security systems and the fiscal sustainability in Vietnam</li> </ul>
Vietnam (2002)	E-Health Insurance Membership Cards	\$0.5mil (Grant)	<ul style="list-style-type: none"> <li>● Feasibility study and implementation of pilot projects concerning the increase in participants in health insurance in rural and poverty-stricken areas through the introduction of e-health insurance membership cards.</li> </ul>
<b>Social Assistance</b>			
Cambodia (2003)	Provision of Health care Service Benefits for the Poor	\$1.847 mil (Grant)	<ul style="list-style-type: none"> <li>● Establishment of a fund for the treatment cost for serious diseases of the poor</li> <li>● Identification of target groups and provision of subsidy through NGOs</li> </ul>
Vietnam (2003)	Support for Health Policies for the Poor	\$0.5 mil (AOTA)	<ul style="list-style-type: none"> <li>● Support for management of the above-mentioned Fund through the implementation of the analysis of elements that determine the use of medical services,</li> </ul>

			medical costs, and health insurance participation rate. ● Provision of subsidy from the Fund
Vietnam (2003)	Health care in the Central Highlands	\$20 mil (LOAN)	● Support for the above-mentioned Fund through the improvement of equipment and facilities, human resources development and enhancement of management
Micro/Regional Infrastructure Systems			
Cambodia (2002)	Primary Health care Services to People Living in Remote Villages	\$0.04 mil (Grant)	● Discussion on how much of the self-payment burden will be reduced by subcontracting NGOs to provide health care services to the poor.
Child Protection			
Pakistan (2002)	Support for Infant Care	\$0.5 mil (PPTA)	● Improvement of the environment to raise children by a comprehensive provision of services for health, nutrition, child rearing, and community support.
Azerbaijan (2003)	Support for Infant Care	\$0.6 mil (PPTA)	● Implementation of 1) Kindergarten program for poor children, 2) Improvement of diet for infants and small children, and 3) Primary Health care Program for children
Vietnam (2003)	Support for Child-raising for the poor	\$0.45 mil (PPTA)	● Support for creating a safe and healthy environment for poor children. Specifically, 1) revision of the current support program for infant care, 2) development and study method, and 3) awareness-raising of the stakeholders.

(Source) Compiled by the UFJ Research Institute from ADB (2004) *Social Protection Strategy-2003 Progress Report to the Board of Directors*, ADB (2004)

### 3. International Labor Organization (ILO)

#### [Strategy]

The International Labor Organization (ILO), led by the Social Security Policy and Development Branch (SOC/POL), has been promoting the Strategies and Tools against Social Exclusion and Poverty (STEP), and assistance for social security is carried out within this program framework. STEP was established as an international program to eradicate poverty and social exclusion, in response to the 1995 Copenhagen Social Summit. It is a program currently used as a major tool for the "Global Campaign on Social Security and Coverage for All<sup>50</sup>," which was launched by the ILO in 2003.

The first priority of the activities of STEP is the expansion of coverage of social security schemes. To that end, STEP has been working on designing innovative policies and programs to provide coverage to those who are uncovered by the existing social security schemes. In specific terms, activities include the establishment of community-based social security schemes, such as a mutual-aid organization for health, the establishment of a special social security system for excluded persons, establishment of the framework to respond to the above, and promotion of coordination among various social security schemes. At the same time, there is an awareness that social exclusion issues can not

<sup>50</sup> It was launched after consensus was reached at the 2001 International Labor Conference that social security coverage should be expanded.

be resolved unless approaches from various viewpoints are taken into consideration; STEP addresses the promotion of community participation, the employment issues, and housing and land issues as a second priority.

STEP also pays particular attention to the socially vulnerable and excluded persons, such as women in the informal sector.

### [Achievements]

Outlines and achievements of STEP Programs are listed below.

**Table 4A: Outlines and Achievements of STEP Programs**

Scheme	Outline	Number of Projects	Examples
Project	Implementation of pilot projects including research and study projects on the expansion of social security systems	16 projects*	<ul style="list-style-type: none"> <li>Community development as an instrument to extend social protection to vulnerable populations in Kosovo</li> <li>Establishment of a legislative framework for the development of health finance schemes in the West African Monetary Union zone (UMEOA)</li> <li>Nepal, the Philippines: Support for the extension of social protection for women in the informal sector through a micro-health insurance scheme</li> <li>Sri Lanka, Mali, Honduras: Support for the extension of coverage of social security</li> <li>Ethiopia: Support for the extension of coverage of social security for women, etc.</li> </ul>
Short-term Technical Cooperation	Short-term technical cooperation (implementation of short-term technical cooperation through the dispatch of experts and study teams to the recipient government and social security organizations: a wide range of assistance, including policy formulation, implementation and conducting studies and seminars, etc.)	21 projects	
Training	Provision of various training programs mainly in French, English, and Spanish, in cooperation with the ILO International Training Center (Turin, Italy)	(unknown)	<ul style="list-style-type: none"> <li>Workshops on Strategies for the Extension of Social Protection</li> <li>Workshops on issues associated with contracts of micro-health insurance benefits, in cooperation with the World Bank, WHO, and ENEA (Denmark)</li> <li>Training on a micro-health insurance scheme</li> </ul>

\*Besides the above, 14 projects are implemented to deal with issues of the socially excluded.

(Source) Compiled by the UFJ Research Institute from the ILO Website  
(<http://www.ilo.org/public/english/protection/socsec/step/>)

Besides the above, STEP took the initiative to set up the so-called “Coordination Network,” a network of mutual aid organizations for health in French-speaking African nations, and has been providing technical and financial assistance to the Network in cooperation with USAID, GTZ, and other organizations.

Other activities of STEP projects include case studies and examination of the methods of social security systems such as health insurance and pensions, disclosure of reports, and information dissemination activities, such as the development and publication of e-learning materials.

#### **4. United Nations Children’s Fund (UNICEF)**

##### **[Strategy]**

The mission of UNICEF is to protect the rights of children and to fulfill the basic needs of the children of the world. UNICEF undertakes various social development activities for children of developing countries in line with the concepts of the U.N. Convention on the Rights of the Child and the Millennium Development Goals. Major activity areas are 1) comprehensive care for newborn infants and young children, 2) protective inoculation, 3) girls’ education, 4) protection of children, and 5) anti-HIV/AIDS measures. Within the framework of 4) protection of children, activities in the area of children’s welfare are carried out to deal with such issues as child prostitution, child labor, child abuse, orphans, and street children.

In specific terms, UNICEF conducts activities to create a desirable environment, identifying the following eight elements as essential to fostering an environment of child protection:

- ① Attitude, tradition, culture, and practices of children;
- ② Governments’ commitment towards the protection of children;
- ③ A wide range of discussions on and involvement in the protection of children;
- ④ Legal system and enforcement of laws;
- ⑤ Capacity of the adults to protect children;
- ⑥ Children’s life skills, knowledge and participation;
- ⑦ Monitoring and reporting to protect children; and
- ⑧ Rehabilitation and reintegration services for deprived children.

##### **[Achievements]**

Among the activities of 2007, examples of the efforts in the child welfare sector are listed below.

**Table A5: Examples of Efforts by UNICEF**

Country	Outline of Assistance
Nigeria	Measures against polio through “Immunization ‘Plus’ Days”. Support for expansion of immunization of children (6.4 million persons) and distribution of mosquito nettings.
Sudan	Support for entrance into elementary school at the initiative of “Go to School” in southern Sudan (1.3 million persons). School construction (32 schools), training of teachers (3,466 persons) and distribution of teaching materials.
Korea	Through cooperation with the government, WHO and emergency support entities, restoration

	support after the heavy flood in August 2007. Support for recommencement of schools, delivery of medicines to hospitals, nutritional support for women and children, distribution of tap water disinfectant, etc.
East Timor	Support for activities to raise youth awareness of HIV through "Time to Talk". Support for cultivation of volunteers and youth activities in local regions.

(Source) Cited from the UNICEF *Annual Report 2007* listed on the website (<http://www.unicef.org>)

UNICEF is also actively involved in advocacy toward the authorities and enlightenment campaigns through the mass media, in addition to implementation of other projects.

## 5. International Social Security Association (ISSA)

### [Strategy]

The ISSA aims to promote social security throughout the world, and to meet the real needs of the people by establishing social security systems suitable for the economy and society of each region and country. Toward this goal, the ISSA provides support for member organizations by holding international conferences, implementing training, and providing information pertaining to every aspect of social security. Training programs are particularly emphasized from the perspective that they are effective for strengthening the administrative and technical capacity of member organizations.

### [Achievements]

Training programs are carried out for middle and high-level officials of the member organizations. The contents of training give particular attention to the regional characteristics, but interregional training courses are sometimes conducted in cooperation with member organizations and their high-level officials of other regions. Training may also be provided in cooperation with other international organizations. The reason that training targets high-level officials is that the ISSA training programs aim to be regarded as leadership training, and also, ripple effects are expected when the trainees, after returning home, initiate their own training programs. The ISSA is also actively involved in the development of training materials. In cooperation with the Advanced Research Center for Social Security in France, the ISSA developed French materials and instruction manuals for French-speaking African nations. It has also developed training manuals in English, Spanish, Portuguese, and French highlighting such major themes as principles of social security systems, social security administration, social security finance, pension schemes, and health insurance, in cooperation with the Social Security Department and the International Training Center.

International conferences are held on various levels: international, regional, and interregional. At the international and regional level conferences (Africa, America, Asia-Pacific, Europe), international or regional comparative analyses are conducted on the technical themes concerning social security, and discussions on the measures against issues are undertaken. In the meantime, at the interregional level, experts of several countries gather to exchange opinions on more detail-specific themes.

## 6. European Union (EU)

### [Strategy]

The EU lists “social integration and employment” as one of the assistance strategies, and its specific measures include social security reform (expansion of existing social security schemes and development of sustainable and desirable social security systems), redistribution of income, anti-poverty measures, and employment policies<sup>51</sup>. The core of the EU’s development policies, in a strict sense, is to achieve the MDGs, but the issues associated with respect for human rights, such as social integration and employment, are regarded as a group of issues requiring long-term commitments; they are treated as the ones having the role of complementing the MDGs<sup>52</sup>. Child welfare is emphasized from the viewpoint of respect for human rights, and efforts are made accordingly.

### [Achievements]

The EU has implemented technical cooperation through a dispatch of experts. Cooperation is also undertaken in the social security sector in the form of open project loans and grant schemes. As for the social security and social welfare-related cooperation in Southeast Asia, the following projects are implemented:

**Table A6: Cooperation Projects by the EU (South-East Asia)**

Area	Project Name	Amount (€)	Outline
Thailand (2004-2009)	Reform of the Thai Public Health Services	5,000,000	● Project aiming at organizational capacity improvement to effectively implement health care reform policies in Thailand
Philippines (2006-2010)	Policy Support Program in Health care Sectors	41,300,000	● Project to provide support for health care finance and to improve its management system with an aim to improve rural health conditions and narrow the gaps between central and rural areas
Indonesia (2002-2004)	Project for Developing Policies of Health Insurance	500,000	● Support for the Indonesian government (the Task Force on National Social Security System) with an aim to establish an effective and efficient social security system

\* Compiled by the UFJ Research Institute from websites of countries of the European Commission

## 7. German Development Cooperation (Deutsche Gesellschaft für Technische Zusammenarbeit: GTZ)

### [Strategy]

Bismarck introduced the world’s first pension and health insurance systems in Germany in the 19<sup>th</sup> century. Germany has thus been actively involved in policy formulation to establish social security systems, particularly a health insurance system, and transfer practical knowledge and technology for the implementation.

<sup>51</sup> Commission of European Communities (2005), “The European Union Development Policy – The European Consensus,” Part 2 (ANNEX) “Guidelines for implementation of development policy by the Community.”

<sup>52</sup> Commission of the European Communities (2005), “The European Union Development Policy – The European Consensus,” Part 1.

A cross regional project for the support of a health care security system, which has been promoted by the GTZ since 1998, is the Project of Improvement and Introduction of a Health Insurance System in Developing Countries. This project was set up in cooperation with the GTZ, the AOK Society (corresponds to the national-level organization of allgemeine Ortskrankenkasse in Germany), and AOK-Consulting GmbH, in response to the increasing needs for technical cooperation from health insurance organizations in developing countries. This project aims to achieve a maximum extension of health care access in developing countries, and provides support for policy makers of developing countries to establish a socially balanced health insurance system, while emphasizing the consideration particularly for low-income households in the informal sector with a high risk of falling ill and into poverty.

### [Achievements]

The Improvement and Introduction of Health Insurance System in Developing Countries has undertaken the activities listed below.

**Table A7: Recent Cooperation by GTZ**

Scheme	Outline	Examples
Technical Cooperation	Provision of advice to the governments of developing countries, public health insurance organizations and local insurance organizations, private companies and churches. Advice and proposals on improvement of existing systems and coordination with the existing systems (public, private and regional systems. Implementation of feasibility studies on the introduction of these systems).	<ul style="list-style-type: none"> <li>• Support for the introduction of the health insurance system : the Philippines, India, Kenya, Ivory Coast</li> <li>• Support for the improvement of a health insurance concept: India, Indonesia, Uganda, Kenya, Cambodia, Oman</li> <li>• Support for the establishment of the Center of Health Insurance Competence (CHIC) : Tanzania, Nigeria</li> <li>• Support for the introduction of a community-based health insurance system: Guinea, Senegal, Ivory Coast</li> <li>• Feasibility Study : Senegal, Ivory Coast, Chile, El Salvador, Paraguay, India, Cambodia, Vietnam</li> <li>• Support for legislation : the Philippines, Ghana, China, Kenya</li> <li>• Advisory on risk diversification: Chile</li> </ul>
Information Provision	Provision, collection and disclosure of information on the experience of Germany and other countries that may be useful for system development in developing countries	<ul style="list-style-type: none"> <li>• Issuance of newsletter by project team</li> <li>• Establishment of case study data base (Info Sure)</li> </ul>
Training/ Conference	Hosting seminars in specific areas	<ol style="list-style-type: none"> <li>1) Seminar on basic principles of social insurance system: Guinea, the Philippines, Thailand, Togo, Kenya, India</li> <li>2) CHIC Management Seminar : Cameroon, Congo, Senegal, Nigeria, Tanzania</li> <li>3) Seminar for political influence (politicians, researchers, industry and mass-media, etc.) on health insurance policy and insurance finance: Kyrgyzstan, Ivory Coast, Kenya, India, Chile</li> </ol>

(Source) Compiled by the UFJ Research Institute from the GTZ website (<http://www2.gtz.de/health-insurance/english/>)

Among the above, the Center of Health Insurance Approach is not intended to create a comprehensive health insurance organization, but is a framework to support the development of a competence center to provide long-term support for existing micro-health insurance systems, by networking with these systems.

The GTZ is also active in developing a network with other related organizations and experts with an aim to build a flexible expert dispatch system. At a national level, partnership with the ILO and the WHO is promoted, and support for developing a system by joint expert teams has been provided in Kenya, Tanzania, the Philippines, Indonesia, and Chile.

The GTZ together with the ILO and the WHO convened at an International Conference on Social Health Insurance in Developing Countries in December 2005 in Berlin.



### Annex3. Basic Check List (Social Security)

The following are the lists of basic indicators and data to be collected when implementing cooperation in the “social security” sector. However, for many of developing countries, it is difficult to examine these indicators. It is also highly likely that information collection itself may be an objective of technical cooperation.

The indicators adopted here are the minimum level of information required to understand the overview of the major cooperation areas, as well as to assess the level of the established systems and how much infrastructure has been built to sufficiently develop social security systems and social welfare systems in the recipient country.

Needless to say that it is necessary to understand more detailed information and statistical figures in individual projects.

Most of the indicators on economy and populations are listed in the World Development Indicators of the World Bank, but the definitions or the meaning of the indicators may vary in different countries. Therefore particular attention must be paid in a country-to-country comparison. No specific references are made to many of the World Development Indicators, but some of the representative indicators are listed here.

In some Asian countries, drastic reforms in the social security sector have been undertaken and the indicators have been rapidly changing. Thus, it is also necessary to pay close attention to the period of data collection.

Item/Indicator		Unit	Calculation Method/Survey Method	Objective • Others
Basic Social • Economic Indicators				
1	GDP per capita	US\$	GDP/Population	Since social security systems can be sustained only when certain economic conditions are met, the GDP is an important indicator.
2	Total population	person	Documents of the relevant country, and of the World Bank, etc.	The size of the population is an important prerequisite for the establishment of a social security system. The form of the social security system to be adopted should be different between a country like China with a large population exceeding one billion and a country like Laos with a population of approximately six million.
3	Productive-age population ratio	%	Population aged 15-64/Total population	The basic function of a social security system is the redistribution of income, and therefore the higher the rate of an economically dependent population, the heavier the burden of the working generation (productive-age population).
4	Economic dependency rate	%	Population aged 15-64/Total population	
5	Elderly population rate	%	Population aged over 60 or 65/Total	The rate of the aging population in developing countries is generally low, but there is often a

	(Aging population rate)		population	discrepancy between urban and rural areas. Since the birthrate is already declining in urban areas, it is desirable, if possible, to understand the rate of the aging population by regions.
6	Poverty line	—	Different in each country	The poverty line is the minimum level of living standard based on the concept of absolute deprivation, and normally expressed in monetary terms. It is often obtained from the total amount of nutritionally required calorie intake and the amount of money necessary to purchase daily essentials, but the calculation methods vary amongst countries. Some countries set poverty lines by community unit according to types of housing, literacy, access to medical facilities, etc. Ordinarily, the poverty line set on a country basis is called the national poverty line. However the international poverty line may be used when making international comparisons.
7	Poverty ratio	—	Population below Poverty Line/ Total Population, World Development Indicators	Poverty ratio is defined as the percentage of people below a poverty line. Caution is needed because some countries have yet to develop a population census at a sufficient level. They use estimated figures. Caution is also necessary because different survey agencies adopt different definitions.
8	Gini' coefficient	—	World Development Indicators, etc.	In some cases, the Statistical Agency of each country is calculated based on its own data. The Gini coefficient may sometimes be expressed in the coefficient multiplied by 100 (0=absolute equality and 100=absolute inequality).
General Social Security				
9	Social security-related descriptions in the Constitutions	—	Constitutions of different countries	Whether the constitution makes any reference to social security as people's right. Legal basis for social security system. Right to exist in Japan (Article 25).
10	Development of major social security-related laws	—		To understand the development of laws concerning social security and social welfare. Some former French colonies adopt decrees.
11	Social security / Basic national plan in the social security sector	—		Long-term national plan on pension schemes, health care insurance, and social welfare. Normally it provides basic policies and priority areas for more than five years.
Social Security/Pension Scheme				
12	Employees' social security system	—		Whether employees' social security system is in place. Note there may be more than one system.
13	Model of employees' social security system			These guidelines adopt both separate and comprehensive systems. Comprehensive systems cover pension security and health care security under one system. Separate systems adopt independent systems for health security and pension security. Pension schemes adopt different financing

				mechanisms: namely pay-as-you-go or funded.
14	Beneficiaries of employees' social security			Benefits that insured persons (participants) are entitled to receive: retirement (pension) benefits, handicapped benefits, compensation for bereaved families, childbirth benefits, workmen's compensation, children's benefits, unemployment benefits, etc.
15	Targets of employees' social security	person		Persons eligible for the said system. The number of eligible entries is not the number of people who have actually been insured but those who are eligible to participate in the security system. Since there are many subscribers who do not pay premiums, it is necessary to find out the actual number of eligible beneficiaries.
16	Premium rate of employees' social security	%		Insurance premium rate. Based on equal shares between employees and employers, but in general the rate for employees is lower. Some are funded by the government.
17	Eligibility of the elderly pension and replacement rate	%	Replacement rate= Amount of pension benefits/Pre-retirement income	In many cases, eligibility depends on the age of the beneficiary and the minimum period of premium payment required for eligibility. Besides, it is desirable to find out about the method of provision, such as temporary cash assistance or pension benefits, etc. The level of benefits is expressed in terms of replacement rate against pre-retirement income of the working generation.
18	Management organization of employees' social security			An organization that manages the employees' social security system. It is necessary to examine the relationship with government agencies. It is also needed to understand the relationship between local-level liaison offices and central agencies.
19	Development and contents of pension system for civil servants			Pension systems for civil servants, military personnel and police officers are often developed earlier than employees' pension. Details of the system need to be studied on the same items of the employees' social security system.
20	Pension scheme for the informal sector			How the health insurance is structured for farmers, self-employed individuals, students, and also for mountain tribes. Caution is needed since there are cases where no coverage is provided in reality, although voluntary participation is often approved in a nationally uniform system.
21	Pension insurance coverage (Information from various sources)			The coverage of pension insurance can be calculated in several ways. Either the working population or the productive-age population (15 -64 years old) is used as a denominator. Either the number of subscribers or the number of subscribers who actually pay premiums is used as a numerator. It is also necessary to include those who are covered by a civil servants' pension, etc.
22	Pension insurance coverage		Subscribers/Working Population	
23	Pension insurance coverage		Subscribers Employees/Working Population	

24	Public fund pension	%	Publicly financed pension system/GDP	GDP ratio of public spending on pension systems.
Health Security Related				
25	The overall picture of health care system			The issue of what kind of system is applied to different targets. There are cases where the health care system is the same as the pension system and there are cases where there are several pension systems but there is a uniform health care system.
26	Health insurance coverage	%	Population eligible for health care system	The percentage of population of all those who have participated in any form of health care insurance or are eligible for the benefit of any health care insurance system. It is necessary to determine the percentage of each system.
27	Percentage of public spending for medical treatment fees and health care system			There is no unified calculation of medical fees and it varies in different countries. It is therefore necessary to consider this item after confirming the scope of medical fees (as to whether it includes dental fees, prescription fees, over-the-counter drug fees, etc.). It is also possible to consider the ratio of GDP in a chronological manner to find out the increase in spending.
28	Health care security for the informal sector			How the health insurance is structured for farmers, self-employed individuals, students, and also for mountain tribes. Caution is needed since there are cases where no coverage is provided in reality, although voluntary participation is often approved in a nationally uniform system.
29	Financial system of health care security for the informal sector			There are different financing methods, including social insurance, tax and community-based Micro fund. Details of medical fee payment systems need to be studied: for instance, capitation and free-for service system.
Social Welfare				
30	Scope of social welfare measures			The scope of social welfare is different in each country. Some countries focus on social welfare activities, which are not covered in Japan, such as victim-relief activities. On the other hand, some countries have no concept of welfare for the aged because the rate of the aging of the population is low. It is necessary to consider the implementation of welfare activities that are outside of the framework in the developed countries, which includes child welfare, welfare for the handicapped, and welfare for the aged.
31	Budget allocated to social welfare measures			It is necessary to study the budgets separately between the budget that is prepared by the concerned country and the budget that is allocated by the international organizations or NGOs. Caution is needed particularly for the budget input from external bodies with a time limit.
32	Social welfare			It is necessary to consider government

	implementation organizations			organizations (except for NGOs and international organizations) and local and regional organizations that implement social welfare programs. It is desirable to take into account the organizations that perform the social welfare functions on a community level (such as neighborhood associations or senior associations in Japan), in addition to formal organizations.
33	Major laws concerning child welfare			Individual laws and decrees, regulations, and orders in each sector. Some countries have not developed laws in some sectors. For project feasibility studies, it is necessary to examine the details of the entire picture of the program, including those implemented by NGOs and international organizations on a short-term basis. With respect to individual projects, it is necessary to understand the budget, period, implementing organization, implementing region, and project outline (project target, requirements for participation or eligibility, and project details).
34	Major laws concerning handicapped persons			
35	Major laws concerning elderly persons			
36	Laws and measures in other sectors			Besides the sectors mentioned above, social security includes various areas depending on the definition by individual countries, such as housing measures, drug-related measures, and measures for the homeless. It is necessary to study what is included in the scope of the social welfare of the concerned country. Normally, social welfare-related agencies of the least developed countries include such operations as natural disaster relief, landmine clearance, and removal of unexploded bombs.
37	Public aid system for low income people			A system corresponding to Japan's livelihood protection system, providing low income households with such services as cash, in-kind goods and services, and shelter. Since many are not provided by laws but by mere formality, it is important to note how much the system is institutionalized. In many of the least developed countries, systems are managed without specific benefit provision rules.

Annex 4. Situation of “Social Security” in Southeast Asia

		Preparatory Stage for Social Security System			Stage for Establishing Employees' Social Security			Stage for Stabilizing and Expanding Social Security System		
		Myanmar	Cambodia	Laos	Vietnam	Indonesia	Philippines	China	Thailand	Malaysia
	■Social · Economic Infrastructure Indicators									
1	GDP per capita (US dollars)(2005)	160	317	451	566	1,267	1,079	1,411	2,665	4,930
2	Total population (million)(2003)	49.4	13.4	5.7	81.3	214.7	81.5	1,288.4	62.0	24.8
3	Productive-age population ratio (2003)	63.6	55.8	54.7	64.1	65.4	60.0	69.1	70.5	62.6
4	Ratio of economically dependent population (2003)	36.4	44.2	45.3	35.9	34.6	40.0	30.9	29.5	37.4
5	Ratio of aged population (Aging population ratio)(2003)	4.5	3.2	3.5	5.3	4.9	4.0	7.3	6.6	4.4
6	Poverty line (by country)	Unknown	Capital city : 2,470 Riel Urban cities : 2,093 Riel Rural areas : 1,777 Riel (1999)	Capital city : 22,613 Kip Urban cities: 20,597 Kip Rural areas : 17,718 Kip(1997/98)	1,790,000 Dong (1998)	Urban areas : 143,455 Rural areas : 108,275 (2004)	12,420 Peso (1998)	625 Gen(Pure annual income) (1999)	922 Baht (2002)	Malay Peninsula : 510 Ringgit Saba: 685 Ringgit Sawaraku : 584 Ringgit (1999)
7	Poverty rate (Top figure indicates poverty rate of the corresponding country. Bottom figure indicates the percentage of those who live under the international poverty line of one dollar per day. )	— —	35.9(1999) 34.1(1997)	38.6(1997-98) 26.3(1997-98)	28.9(2002) Less than 2%(2000)	27.1(1999) 7.5(2002)	36.8(1997) 15.5(2000)	4.6(1998) 16.6(2001)	13.1(1992) Less than 2%(2000)	— Less than 2%
8	Gini coefficient	Unknown	40.4 (1997)	37.0 (1997)	37.0 (2002)	34.3 (2002)	46.1 (2000)	44.7 (2001)	43.2 (2000)	49.2 (1997)
	■Social Security									
9	Social security-related references in the constitution	Unknown	Health care- Article 72 of the Constitution, Maternal and child assistance; Article 73, Assistance of the handicapped; Article 74, Social security; Article 75	Unknown	The Constitution provides the right to participate in social security systems. Chapter 7, Labor Law: Principles of social security	Article 28 of the Constitution 2000 (Second Amendment) 2000 (children, labor, health, social security, right to life, protection of human rights, etc.)	Chapter 13 of the Constitution 1987 “Social justice and human rights” Article 1 (Elimination of inequality), Article 11 (Health care insurance), Chapter 15 “Family” Article 4 (Social security)	Article 44 of the Constitution of China: Mandatory retirement of workers. Article 45: Development of social insurance, social relief, and health and hygiene projects	Chapter 3 of the Constitution 1997 “People’s Rights and Freedom,” Article 52 (right to receive health care services), Article 53 (protection of children and families), Article 54 (income guarantee for the aged persons), Article 55 (Protection of the handicapped persons), Chapter 5 (Basic Policy Guidelines of the Nation), Article 86 (social measures for workers)	Unknown
10	Development of major social security-related laws	Social Security Law of 1954 (Enforced in 1956)	Laws and Regulations concerning civil servants Article 54, 56, 57, and 19 (1994 , unknown whether enactment or enforcement) Social security law concerning workers under the Labor Law (signed by the King in 2002) yet to be enforced as of 2003	Decree concerning company employees (decree 207/PM) (Enforce in 2001) Decree concerning social security for civil servants (no.178/PM)(Approved in 1993, enforcement year unknown)	People’s Health and Welfare Protection Law (1989) Labor Code including regulation concerning the employment of handicapped persons and child labor (1994) Decree concerning social insurance system for civil servants and workmen in all economic sectors (1995) Decree concerning social insurance system for military personnel and police officers (1995)	1969 Law (No. 14, Article 19) concerning basic consideration for workers-related matters, (workers’ compensation) Basic Social Welfare Law (1974) National Health Insurance Law (1992) 1992 Law No. 3 concerning Labor and Social Security	Social Insurance Law for Civil Servants(1937) →GSIS1997 Law  Social Security Law(1957) →1997 Social Security Law  Medicare Law (1969)) →National Health Insurance Law(1995)  Expansion of Civil Law for the Aged (2003)	Ordinance concerning employees’ health insurance of China (1951) Temporary Provisions for Retirement of Labors and Workers (1958) Law on the Protection of Minors (1991) Regulations for Rural Five-Guarantee Work (1994) Elderly Human Rights Security Law (1996)	Old Social Security Law(1954) Social Security Law (1990) National Health Security Law (2002) Mutual Pension Law (1986) Pension Law(1951) Rehabilitation Law for Handicapped Persons Chile Adoption Law (1979)	Employees’ Pension Fund Law (1951) Workers’ Accident Compensation Law(1952) Employment Law (1955) Law of Employment of Children and Young Persons (1966) Employees’ social security Law (1969 · Revision 1984) State Pension Law (1972) Nursing Home Law (1983) Child Protection Law (1991)

					Amendment concerning aged persons (2000)					
		Preparatory Stage for Social Security System			Stage for Establishing Employees' Social Security			Stage for Stabilizing and Expanding Social Security System		
		Myanmar	Cambodia	Laos	Vietnam	Indonesia	Philippines	China	Thailand	Malaysia
11	Basic national plan in the social security/ social welfare sectors	NA	NA	NA	Health Policy (200-2010)	Healthy Indonesia 2010	The Philippine Plan of Action for Older Persons(PPAOP:1999-2004)	Social measures and social security are contained in the 11 <sup>th</sup> Five Year Plan (2006-2010) "Well-off Society in All-round Way"	National Health Development Plan (2002-2006) The Forth National Social Welfare Development Plan (2002-2006)	National measures for the concept of "Caring Society" in the "Vision 2020" (2001 ~2010)
	■Social Security/Pension Security									
12	Employee's social security	NA	NA(promulgation of the law only)	Employees' social security system (only in Vientiane Special City)	Social security system	Workers' Social Security (JAMSOSTEK)	Employees' social security (SSS)	The National Enterprise Old Age Insurance Fund	Social Security Scheme (SSS) Workmen Compensation Scheme(WCS)	Employees Provident Fund(EPF) Social Security Organization (SOSCO: Workmen Compensation)
13	Model of employees' insurance	—	—	Comprehensive	Independent→ Comprehensive	Comprehensive	Independent→ Comprehensive	Independent	Comprehensive	Independent
14	Beneficiaries of employees' social security system	—	—	Old age, bereaved family, handicapped, sick leave, health care, pregnancy, funeral	Old age, bereaved family, death, illness, childbirth, workmen compensation, leave allowance	Health care, old age, death, workmen compensation	Old age, handicap, death, illness and injury allowance (excluding medical services), childbirth allowance, funeral, various loans	Old age (Basic Old Age Insurance/ National Enterprise Old Age Insurance/ Personal Saving-based Old Age Insurance)	SSS: Health care, old age, death, handicap, childbirth, child, unemployment WCS : Workmen compensation	EPF : Old age, death, handicap SOCSO : Workmen compensation, occupational illness, handicap
15	Eligibility to participate in employees' social security system	—	—	Private entities employing over 10 persons	Mandatory for employees with more than a three-month work contract. Voluntary for those with less than a three-month contract.	Mandatory for the companies employing more than 10 persons or business entities with more than one million Rupiah in total salary payment.	All employees under 60 years of age and their employers. Self-employed persons, farmers, freelancers.	Workers and employees in state and city enterprises in urban areas (excluding those who are covered by Old Age Insurance for cadres)	SSS, WCS: All business entities employing more than one person. Students are eligible for voluntary participation	EPF : All workers, but voluntary for self-employed persons and foreigners, etc. SOCSO : Employers employing more than five persons, mandatory for workers earning less than 2000 Ringgit.
16	Insurance rate of employees' social security (contributions)	—	—	Employees : Employers =4.5 : 5.0	Employees : Employers= 5% : 15%	Employees : Employers 2.0% : 3.7%(Old age benefits) Employees : Employers 0% : 0.3%(Death benefits)	Employees : Employers= 3.33% : 5.07% Total 8.4%	Employees : Employers= 8% : 20%+ government's contributions to fill a deficit and management fees	SSS : Government: Employees : Employers =1.5 : 1.5 : 1.5 (among which 2.64%is health care benefit)	Employees : Employers = 11% : 12%(EPF) Employees : Employers =0.5% : 1.75%(SOCSO)
17	Requirements to receive retirement pension benefits and replacement rate	—	—	The age of receiving payment is in principle, 60 years old with an option of 55 years old or 65 years old	Contributions for more than 20 years. The age of eligibility for benefits is 60 years of age for men and 55 for women. With regard to partial benefits, a temporary receipt may be provided.	The age of receiving payment is 55 years of age.	Contributions for more than 120 months. Those retired persons who are more than 60 years of age or those who are more than 65 years of age are eligible. Those who do not satisfy the period of contribution may receive benefits as a temporary payment.	60 years of age for male, 55 years of age for professional and executive female, and 50 years of age for females engaged in manual labor. Requires the contribution period of more than 15 years.	A condition for receiving benefits is, in principle, over 180 months. A person 55 years of age and no longer an employee. 15% of the average salary of the last 60 months of the employment, plus 1% for every 12 months of contributions beyond 180 months	EPF(First Account) Benefits payable upon attaining the age of 55 years old. Contributor's withdrawal of one-third of their contribution is possible upon reaching 50 years of age.
18	Management organization of employees' social security	—	—	Social Security Organization (SSO)	Vietnam Social Security(VSS)	PT.JAMSOSTEK (PT.Jaminan Social Tenaga Kerja.)	Social Security System of the Philippines (SSS), an independent organization	Labor and Social Security Department	Social Security Office(SSO)	EPF (a special company provided by the law under the Ministry of Finance)
19	Pension security for civil servants Development and details of the system	Civil servants' pension National army pension Political pension	Civil servants' pension system	Civil servants' social security system Civil servants' /Military personnel pension system (as a social welfare system)	Social security system, as mentioned above	Civil servants pension system Government Employees Pension (TASPEN) Social Insurance for the Armed Forces (ASABRI)	Government Service Insurance System (GSIS) ● Life Insurance Fund ● Retirement Insurance Fund ● General Insurance Fund	Cadres Old Age Insurance (Retirement or leave of absence for the cadres / Retirement system for cadres) = under the jurisdiction of Labor and Social Security Department	Government Pension Fund (GPF) The Government Permanent Employees Provident State-owned Enterprises' Provident Fund (SEPF)	Government employees pension system
20	Pension security for the informal sector	NA	NA	NA	Voluntary participation in the social security system mentioned above	Nothing in particular	Mandatory participation in SSS (in reality participation is very low)	Rural Old Age Insurance (Rural Pension System/ Township Enterprises Pension System)	Nothing in particular	Nothing in particular Voluntary participation in EPF is possible
21	Coverage of Pension Insurance (information obtained various documents)	Unknown	Unknown	0.6(2003)	14.23(2004)	Approx.10%	Approx. 70% (Many have lost eligibility due to default payment)	State-owned enterprises: 100% Community group-owned enterprise: 59% Three-equity : 25% City-owned enterprise	19.1%	70%

								and individual-owned enterprises : 18%		
		Preparatory Stage for Social Security System				Stage for Establishing Employees' Social Security			Stage for Stabilizing and Expanding Social Security System	
		Myanmar	Cambodia	Laos	Vietnam	Indonesia	Philippines	China	Thailand	Malaysia
22	Coverage of pension insurance (Percentage of pension percentage of subscribers / working population) * The World Bank	Unknown	Unknown	Unknown	8.4 (1998)	8.0 (1995)	28.3 (1996)	17.6 (1994)	18.0 (1999)	48.7 (1993)
23	Coverage of Pension Insurance (Percentage of pension percentage of subscribers / working population) * The World Bank	Unknown	Unknown	Unknown	10.0 (1998)	7.0 (1995)	13.6 (1996)	17.4 (1994)	17.0 (1999)	37.8 (1993)
24	Percentage of publicly financed pension system (GDP ratio)	Unknown	Unknown	Unknown	1.6(1998)	Unknown	1.0 (1993)	Unknown	Unknown	6.5(1999)
	■Health care									
25	Overall picture of health care systems	Virtually nonexistent	Virtually nonexistent	Civil servants' social security system Employees' social security system	Social security system	Ministry of Defense Health Insurance (MINDEF) Civil Servant Social Health Insurance Scheme (ASKES) Employees' social security (JAMSOSTEK) Community Medical Services Insurance (JPKM)	National Health Insurance System (PhilHealth) Community-based Health care Organization in some regions	Publicly funded Health care System (Civil servants) Labor Insurance Health care System (employees) Rural Cooperative Medical System (rural villages)	Civil Servant Medical Benefit Scheme (CSMBS) Social Security System (SSS) 30-Bhat Health care Scheme	Combination between public health care security through general revenues and private health care security. In addition, third account (medical payment fund) of the Employees' Provident Fund (EPF), and EPF Social Security Organization (SOCSO)
26	Health care coverage	2.3	—	Several %	20.3	JPKM : 21%(of target population) JAMSOSTEK : 13% (of employees)	48.1%(2001) (Including many arrears)	72.4%	Approx. 100% (In reality, many have not signed or are not using the system)	Approx. 100% (in theory)
27	Percentage of publicly financed medical fees and health care systems (GDP ratio)	0.4	2.1	1.5	1.5	1.2	1.1	2.0	3.1	2.0
28	Health care for the informal sector	NA	NA	In principle, employees' social security is applied, but in reality, no one has signed up.	It is possible to join the social security system, but there is no subsistence participation.	Dana Sehat (community health fund) JPKM(not confined to the informal sector) Health fund, Health card. JKN (universal coverage) is under consideration.	Voluntary participation in the PhilHealth is possible. Besides, there are some regions with the Community-based Health care Organization (CBHCO)	Rural Cooperative Medical System	30 Baht Health care Scheme (access to medical care and treatment for a single fee of 30 Baht. Low- income persons may be exempt from partial costs of payment)	Public health security through general revenues
29	Financial system for the informal sector	—	—	-	Insurance	Tax • Insurance	Insurance	Contributions from groups and individuals Contributions from organizations	Tax	Tax
	■Social Welfare									
30	Scope of social welfare measures									
31	System of social welfare measures	It is limited to disaster-relief measures, and there is no permanent social welfare systems	It is limited to disaster-relief measures, and there is no permanent social welfare systems	It is limited to disaster-relief measures, and there is no permanent social welfare systems	Livelihood protection center (Shelter facility)	Budget is quite limited and there is no permanent system. In principle, local communities are responsible for social welfare services.	Implemented mainly by NGOs and not by the responsibility of the government. Local governments are responsible for implementation.	City social welfare institution (Old Age) Nursing homes(Rural Old Age) Honorary institution (for veterans/sick and wounded soldiers, etc) Child welfare institution (for children)	Poverty relief center (Capacity: approx. 8,000 people) Handicapped facility (Capacity: approx. 700 people) Eldercare facility (Capacity: approx. 3,000 people)	Chronic Disease Institution Old Folks Home: at nine locations throughout the country



		Preparatory Stage for Social Security System			Stage for Establishing Employees' Social Security			Stage for Stabilizing and Expanding Social Security System		
		Myanmar	Cambodia	Laos	Vietnam	Indonesia	Philippines	China	Thailand	Malaysia
31	Budget for social security measures									
32	Conditions of those who are engaged in social welfare									
33	Social welfare implementing organizations									
34	Basic statistics on social welfare									
35	Measures for child welfare									
36	Measures for welfare for handicapped persons									
37	Measures for elderly welfare									
38	Public aid systems as measures for low-income households	NA	NA	NA	Livelihood protection system (provision of protection benefits, vocational training, in-kind benefits, etc.)	NA	Unknown	Urban resident's minimum living security system Five Guarantees' in the Rural Areas	Monthly benefits and old-age welfare benefits fall into this category, but no permanent system has been established.	Livelihood protection program

Item 1 was compiled based on the World Economic Outlook Database 2005 of the International Monetary Fund. Items 2~5, 7~9 were compiled based on the World Development Indicator 2005 of the World Bank. The poverty ratio in item 6 is based on the Asian Development Bank, Building a Poverty Database Inception Workshop, 2001 for Malaysia. It is based on the Statistical Yearbook of the Indonesian government for Indonesia. It is based on the IMF (2004) Vietnam: Poverty reduction strategy paper for Vietnam. For other countries, data was based on the Poverty Profile of the Japan Bank of International Cooperation. Information pertaining to pension systems in Laos is based on Shinohara (2005); other data are based on the references at the end of this document.

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## Glossary and Abbreviation

Glossary • Abbreviation	Outline
Insurance Principle • Assistance Principle	Insurance is a method of social security, funded mainly through the contributions of the participants. The system is regarded as risk distribution among participants. On the contrary, the system where resources are generated by tax and benefits are provided on an as-needed basis of beneficiaries is called assistance system. Redistribution of income is observed here. Actual social security system has an element of both, and few systems have adopted a genuine social insurance system.
Pay-as-you-go system • Funded system	Financing method of pension schemes. In a pay-as-you-go system, profits generated from premiums collected from the current working population cover the pension benefits, without reserves. On the other hand, in a funded system, part of the revenue of an insurer is contributed as a premium in advance, and the amount of contributions plus accrued interest is provided to the insurer, when the period of payment starts.
Social Work Social Worker	Social work is a social welfare assistance technology, and is a collective term used for a series of skilled activities to address the issues of needy people and their environment, using a combination of various skills and knowledge on social welfare. It includes casework (individual assistance technology), group work (group assistance technology), and community work (community assistance technology). A social worker is a professional engaged in social work.
Casework Caseworker	Casework is a part of social work, and refers to an individual assistance technology, serving as social work for a particular target. In Japan, casework is often defined as a series of social welfare assistance provided by officers of welfare offices in charge of livelihood protection. However, assistance technology in social welfare for individuals can be called casework. A caseworker is a professional engaged in casework.
Medical Treatment Fee	In Japan, it refers to the points used to calculate the amount of insurance benefits provided for a treatment and medicine of a medical institution. The structure of compensation is different in each health care system. Currently, Japan adopts a fee-for-service system and prospective payment system: in the former, points for each treatment are summed up, and the latter is determined by the payment points of a patient per day.
Occupational Health Insurance • Regional Health Insurance	The social insurance system participated by wage-earners or the one organized by a particular labor union for its members is called occupational health insurance. On the other hand, the social insurance system established by a local unit is named regional health insurance. In Japan, the National Health Insurance system, managed by local governments serving as insurer, falls under the category of regional health insurance.
Social Security	In Europe, social security is often called “social protection.” There are cases where social protection and social security are used as different concepts, like in France (social protection refers to the social security system plus unemployment protection system). Nonetheless, the EU generally uses the term “social protection” as the overall system of social security. Meanwhile, the term “social protection” has gained popularity in international aid organizations since the latter half of the 1990’s. The term generally refers to a wide range of social measures including various social safety net measures and regulations on child

	labor, etc. However, care is needed since the specific scope of measures is different in each assistance organization.
Coverage	In the context of a social security system, coverage refers to the scope of effects covered by a particular social system. In the case of the social insurance system, it may refer to the scope of targets that are theoretically eligible for participation or the actual number of participants.
Universal Coverage	Universal coverage is achieved when all the citizens of a particular nation become targets, participants or beneficiaries of a social system. It is often used in the context of extension of participants in social insurance programs. In Japan, the term “Kokumin Kaihoken” (universal coverage) was used, which is a pun on the term “Kokumin Kaihei” (universal conscription). The term may be used as a political goal. For instance, the Universal Coverage system is commonly used for the “30 Baht health plan” in Thailand, which has achieved universal coverage as a formality.
Guarantee of minimum standard of living	The State is to stipulate a specific minimum-living standard for the people and to guarantee the standard. Although it is difficult to present the actual level of all aspects of life in objective indicators, it is normally converted into and expressed in monetary values. Article 25 of the Constitution of Japan states that “all people shall have the right to maintain the minimum standards of wholesome and cultured living,” and the most specific feature is the livelihood-protection system. Therefore, the minimum standard of living in Japan can use the livelihood-protection standard as a yardstick.
Aging Society • Aged Society	Normally, a society that has its proportion of over-65 to total population at 7% or more is called an “Aging Society.” In the same way, the term “Aged Society” applies to a rate of 14% or more.
Productive-age Population	The proportion of the population aged between 15-64 years. It refers to the proportion of the population who are able to perform productive activities, but it is sometimes voiced that the productive-age population rate does not necessarily reflect the reality, particularly in developed nations, since the starting age of employment increased to around 20 years of age due to the expansion of higher education.
<b>National Social Security-related organizations</b>	
Social Insurance Agency	The Social Insurance Agency is positioned as an external office of the Ministry of Health, Labor and Welfare. It is responsible for actual operation of government-managed health insurance, seamen’s insurance, employees’ pension insurance, and national pension. A regional Social Insurance Bureau is located in each prefecture. Each prefectural government and social insurance office is placed as its branches at the regional level.
Council of Social Welfare Japan National Council of Social Welfare	The Council of Social Welfare is a non-profit private organization aiming at the promotion of private social welfare activities. It was established pursuant to the Social Welfare Service Law enacted in 1951 (current Social Welfare Law). The Council of Social Welfare consists of local resident groups such as a township federation in the region, social welfare-related organizations, and people related to social welfare institutions, health care, and education, such as case workers and child commissioners. It implements various social welfare activities in the local community with an aim to build a “Welfare Community” where everyone can live comfortably in a familiar environment.
Government Pension Investment Fund (Independent Administrative Institution)	The Government Pension Investment Fund was established with the mission of managing and investing the reserve funds of the Employees’ Pension Insurance and the National Pension, and is involved in the management of pension schemes by contributing its profits to the

form fiscal 2006)	government.
Social Insurance Medical Fee Payment Fund	The Social Insurance Medical Fee Payment Fund was an organization established in September 1948 based on the Social Insurance Medical Fee Payment Fund Law (became privatized as of October 1, 2003). The organization assumes the operation of appropriate assessment of medical invoices (receipts) submitted from medical institutions and rapid and accurate payment. It conducts the management of health insurance systems as a settlement organization of medical fees, and as a nation-wide assessment organization connecting insurers, such as health insurance societies and mutual aid associations, and medical institutions, such as hospitals and clinics.
All-Japan Federation of National Health Insurance Organization	The All-Japan Federation of National Health Insurance Organization consists of National Health Insurance Organizations, public juristic persons established in 47 prefectures throughout the nation with aims for extension, sound management, and development of national health insurance projects and nursing insurance projects, thus contributing to the improvement of social security and national health. It conducts the following operations: assessment and payment of medical service fees, research and study on and publicity for health and national health programs, assessment and payment of nursing service fees, and consultation, guidance and advice (claim handling) for nursing care insurance services.
National Institution of Population and Social Security Research	The National Institution of Population and Social Security Research is a national policy research institution established by the Ministry of Health, Labor and Welfare. It was established in December 1996 as an integration of the National Institution of Population of the Ministry of Health and the Social Security Research.
National Institute of Public Health	The National Institute of Public Health was established in April 2002, integrating the Institute of Public Health, National Institute of Health Services Management, and a part of the Department of Oral Science in the National Institute of Infectious Disease. The mission of the new organization is to carry out education and training of personnel engaged in works of public health, environmental hygiene, and social welfare, and to conduct research in these areas in national and local governments.
Micro-finance/Micro-credit/Micro-fund	Micro-finance/Micro-credit/Micro-fund all refer to small-scale loan programs as a whole for those who cannot receive loans from general commercial banks due to a lack of collateral. The main objective is to provide necessary funds at a local level through credit loans or saving services to help individuals maintain self-sustained lives.
<b>Development-related Glossary</b>	
Human Security	The concept advocated by the Human Security Commission, co-chaired by Mrs. Sadako Ogata, former U.N. High Commissioner for Refugees, and Professor Amartya Sen. Based on the reality of today's globalized world that a state may not be able to fully guarantee the security of its people, it advocates a comprehensive approach to phenomena associated with both conflict and development.
Millennium Development Goals(MDGs)	A set of goals to be achieved by 2015 which were agreed on by 149 member states at the United Nations in September 2000. The MDGs comprise eight goals supplemented by 18 numerical and time-bound targets and 48 indicators: eight goals include eradication of extreme poverty and hunger, achieving universal primary education, promotion of gender equality and empowerment of women, reduction of child mortality, improvement of maternal health, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability, and development of a global partnership for development.
<b>JICA Assistance Scheme Protection</b>	

JOCV	Japan Overseas Cooperation Volunteer It is a volunteer group established in 1965, consisting of men and women ages 20-39. As of this writing, approximately 23,000 volunteers have been dispatched to 76 developing countries.
Technical Cooperation Project	Technical Cooperation Project is a cooperation project that theoretically organizes the relationship between the project effects and inputs/activities with an aim to achieve a certain outcome within a fixed period of time, in a combination of various forms of cooperation activities, including dispatch of experts, offering training, provision of materials and equipment, etc.
In-country Training Program	Training offered in a developing country to promote extension of effects of Japan's technical cooperation in a target country.
Third-Country Training	Using a relatively developed country among developing countries as a base, the Third-Country Training offers training courses to trainees from the neighboring countries to transfer the skills of former trainees who have received training through Japan's Technical Cooperation.
Third-Country Expert	One type of JICA expert dispatch. An expert, who is from a developing cooperation recipient country, is dispatched to another developing country as a technical cooperation expert, as part of support for South-South cooperation. Technology transfer is more suitably and efficiently carried out thanks to similarities in environment, technology standards, culture, and language between the two countries.
Project-type Technical Cooperation	Project-type technical cooperation refers to a type of technical cooperation with a fixed period of time of three to five years to carry out comprehensive activities from formulation to implementation and evaluation of projects by combining three elements: dispatch of experts, acceptance of trainees, and provision of equipment and materials. However, several forms of cooperation have been collectively renamed the "technical cooperation project" since fiscal 2002.
International Organization • Aid Organization	
JICA	Japan International Cooperation Agency It is responsible for the technical cooperation projects and grant aid cooperation operations of Japan's Overseas Development Assistance (ODA) program.
JBIC	Japan Bank of International Cooperation JBIC was founded in 1999 by a merger of two organizations: the Export-Import Bank of Japan and the Overseas Economic Cooperation Fund. JBIC is engaged in both "overseas economic cooperation operations," which provide support for economic and social development of developing countries as part of ODA and the "international financial operations" (non-ODA), which provide support for trade activities and overseas investment of Japanese companies
ADB	Asia Development Bank ADB is an Asia-based international organization that provides quasi-commercial loans with an aim to promote development of developing countries in Asia. Headquarters are in Manila, the Philippines.
GTZ	German Technical Cooperation: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GTZ is a fully German government-owned corporation established in 1975 by a merger of Bundesstelle für Entwicklungshilfe (BfE) and Garantie-und Abwicklungsgesellschaft (GAWI). It implements technical cooperation projects in commission of the Ministry of Economic Cooperation of the Federal Republic of Germany (BMZ). Such technical cooperation projects include consulting, human resources development, and provision of equipment and materials.

WHO	<p>World Health Organization</p> <p>WHO was founded in 1948 by the World Health Organization Charter with the purpose of combating international diseases, improving health and nutrition, and promoting study and research activities. Headquarters are in Geneva, Switzerland.</p>
World Bank	<p>Generally, it often refers to two organizations: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The World Bank Group comprises the International Finance Corporation (IFC), the Multi-lateral Investment Guarantee Agency (MIGA), and the International Center for Settlement of Investment Disputes (ICSID), in addition to the above two organizations.</p>
ILO	<p>International Labor Organization</p> <p>ILO was created in 1919 by the Versailles Peace Treaty, aiming to improve working conditions and establish socialism. Today, it implements technical cooperation activities for developing countries, including vocational training, development of social security systems, improvement of working conditions, and development of cooperative associations. Headquarters are in Geneva, Switzerland.</p>
ISSA	<p>The International Social Security Association. An International organization established with an aim to respond to the real needs of the people through the promotion of social security systems of the world and the establishment of social security systems suitable for each region and country. It offers support to member social security organizations through the holding of international conferences on every sector of social security, implementation of training programs, and provision of information. Headquarters are in Geneva, Switzerland.</p>
UNICEF	<p>The United Nations Children's Fund. It was initially established to meet the emergency needs of children who had been victimized by World War II. As the reconstruction progressed in Europe, the focus of activities has been shifted to the relief of children suffering from wars and disasters in developing countries. UNICEF was awarded the 1965 Nobel Peace Prize. In recent years, it is actively involved in the promotion of children's rights.</p>
EU	<p>European Union. The establishment of the EC (European Community) by the Maastricht Treaty (formally known as the Treaty on European Union; 1991), which went into force on November 1, 1993, led to the creation of the European Union (EU).</p> <p>The EU carries out activities in three sectors: namely economic and currency integration, common diplomacy, and cooperation in judicial and internal affairs. It also provides joint technical assistance in developing countries.</p>