Pension Development in Cambodia

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AGENDA

1. Current Status
2. Current Challenges
3. Reform Process
4. Proposal for Pension Reform
5. Potential Challenges
1. CURRENT STATUS

Public Sector

- Civil Servants and Veterans get pension benefits from National Social Security Fund for Civil Servants (NSSF-C) and National Fund for Veterans (NFV), respectively.
- Benefits ranged from 60%-80% of last basic salary, fully financed from general revenue.

Private Sector

- National Social Security Fund (NSSF) planned to introduce from 2018.
2. CURRENT CHALLENGES

Low coverage
- Only public sector employees got covered

Inconsistency of Benefits
- Different provisions for each group of people

Costly
- Separated institutions doing similar jobs
3. REFORM PROCESS

Policy Formulation

- The Royal Government has set up an inter-ministerial technical working group, led by Ministry of Economy and Finance (MEF), to develop a Social Protection Policy Framework (SPPF)

- SPPF consists of 2 pillars:
  - Social Assistance (tax-financed)
  - Social Insurance (contribution)
4. PROPOSALS FOR PENSION REFORM

Governance Structure

- **Policy Level:** set up a Social Protection Council to coordinate all relevant stakeholders and to monitor the progress of the development

- **Supervisory Level:** set up a regulatory body to supervise all pension operations including the government-run institutions

- **Operational Level:** merge all existing institutions into one

Financing mechanism

- Moving from fully tax-financed to contribution for public sector schemes
4. PROPOSALS FOR PENSION REFORM (CONT’) 

Coverage

introducing a 3-tier pension system

**Tier 1:** Social Pension for the poor

**Tier 2:** Compulsory pensions for everyone else including non-poor informal sector

**Tier 3:** Private voluntary pensions
5. POTENTIAL CHALLENGES

Registration and Identification
- No single/integrated platform

Creation of Single Agency
- Political advocacy
- Transition from current system to the new one
- Legal frameworks
- Human Capacity

Cost of new system
- New infrastructure, additional costs
THANK YOU!