



(RESEARCH ARTICLE)



Assess and Forecast Social Insurance trends to 2025 to serve the State Management of Social Insurance in Vietnam

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Abstract

After more than 28 years of dedication and growth, overcoming many difficulties and challenges, Vietnam Social Insurance is increasingly recognized and positively evaluated by the regional and international social security community for its successes and developments. compared with social security systems in countries with similar GDP and development levels. With social insurance and unemployment insurance; database system on households and centralized health insurance payment assessment system connected to nearly 14,000 medical examination and treatment establishments; transaction in the form of online public service level 4; the percentage of people who are satisfied with the services provided by Vietnam Social Security on new and traditional platforms is relatively high; the social insurance fund becomes the largest social security fund, which is uniformly and safely managed and has made certain contributions to the development of the country's economy; The national unified model of social insurance management and implementation is receiving increasing attention from the regional and international community. With a specific goal of striving by 2030 to reach about 60% of the workforce of the age group participating in social insurance, of which farmers and informal sector workers participating in voluntary social insurance account for about 5% of the labor force. in the age; about 45% of the workforce in the age group participating in unemployment insurance; about 60% of people after retirement age are entitled to pensions, monthly social insurance and social pension benefits; The index assessing the satisfaction level of social insurance participants reached 90%. Therefore, forecasting social insurance trends is a very important job in the process of state management of social insurance in the coming time.

Keywords: Forecast; Trend; Social Insurance; Labor; Social Security

1. Introduction

By 2025, social insurance policies in Vietnam will continue to develop by expanding the participation base, aiming to protect all workers from risks such as unemployment, old age, illness, and others. Financial security will be ensured to stabilize their lives, while maintaining a balanced social insurance fund in the long term.

Reforms in legislation and policies pertaining to social insurance and health insurance, enacted and implemented through the 2013 Labor Code [1], the 2014 Social Insurance Law [2], and the 2015 Criminal Law [3], will serve as important prerequisites to help expand the participation base and enhance the effective implementation of the social insurance system.

Resolution 15/NQ-TW [4] and Resolution 21/NQ-TW [5] have set the target of "striving for approximately 50% of the workforce to participate in social insurance and 35% of the workforce to participate in unemployment insurance by 2020." Starting from 2018, the implementation of financial support policies for voluntary participants in social

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insurance, as stipulated in Decree 134/2015/NĐ-CP [6], is expected to significantly increase the number of voluntary participants in social insurance. To achieve the goals set forth in the resolutions, strong and determined policy reforms and organizational implementations are necessary. Based on trends and assumptions, two scenarios for the development of the social insurance system are forecasted, specifically:

- Case 1: The proportion of employees participating in social insurance will account for 30% by 2020 and 45% by 2025 (not reaching the target of Resolution 15-NQ/TW).
- Case 2 : The proportion of employees participating in social insurance will account for 50% by 2020 (reaching the target of Resolution 15-NQ/TW); From 2021 onwards, each year will increase by 1 percentage point and reach 55% by 2025.

2. Material and methods

2.1. Information collecting methods

Secondary sources of information are synthesized from topics, reports at seminars, statistics of authorities, synthesized. However, the main sources of data are taken from the Vietnam Social Insurance Agency, the Ministry of Labor, War Invalids and Social Affairs and The Department of Labour Sciences.

2.2. Data analysis and processing methods

Methods of statistical analysis are descriptive statistics (describing the status quo) and comparative statistics (comparing changes in the provisions of the Law, changes in the number of participants, contributors and beneficiaries of pension schemes, etc.)

3. Results and discussion

The trend of participating in social insurance according to 2 scenarios

According to the statistics of the Institute of Labor Sciences of the Ministry of Labor, War Invalids and Social Affairs, there are 02 scenarios on the participation trend of the number of people participating in social insurance by 2025 as follows:

3.1. Case 1

In 2016, the country will have about 12.8 million people participating in social insurance, accounting for 23% of the labor force; of which 12.5 million people participate in compulsory social insurance, accounting for 97.7% of people participating in social insurance, an increase of 618,000 people compared to 2015 due to the expansion of participants under the Law on Social Insurance and the application of sanctions for evasion and debts to pay social insurance under the Penal Code; The number of people participating in voluntary social insurance is 300,000 people, an increase of 43,000 people compared to 2015.

In 2018, the implementation of the financial support policy for voluntary social insurance participants under Decree 134/2015/ND-CP is expected to cause the number of people participating in voluntary social insurance to increase sharply, estimated at 742 thousand people by the end of 2018, bringing the total number of people participating in social insurance to 14.8 million people, accounts for 26% of the workforce. In 2020, it is forecasted that the number of people participating in social insurance will reach 17.6 million, accounting for 30% of the labor force. In the period 2016-2020, the average number of people participating in social insurance each year increased by 7.8%, equivalent to 1.1 million people.

By 2025, it is forecasted that the number of people participating in social insurance will reach 27.8 million people, accounting for 45% of the labor force, of which compulsory social insurance will have 22.2 million people, voluntary social insurance will have 5.6 million people. In the period of 2021-2025, the average number of people participating in social insurance each year will increase by 9.5%, equivalent to 2 million people.

Table 1 Forecast of the number of people participating in social insurance to 2025 [Unit: thousand people]

Criteria \ Year	2016	2017	2018	2019	2020	2025
Total (thousand)	12800	13502	14831	16175	17570	27783
1. By type						
Compulsory	12500	12962	14090	15043	15813	22226
Voluntary	300	540	742	1132	1757	5557
Structure (%)						
Compulsory	97.7	96.0	95.0	93.0	90.0	80.0
Voluntary	2.3	4.0	5.0	7.0	10.0	20.0
2. By region						
State	5040	5180	5322	5466	5613	6383
Non-state	7760	8323	9510	10709	11957	21400
Structure (%)						
State	39,4	38,4	35,9	33,8	31,9	23,0
Non-state	60.6	61.6	64.1	66.2	68.1	77.0
3. Participation to labor force ratio (%)	23.0	24.0	26.0	28.0	30.0	45.0

According to the table above, we see: The state sector has nearly 5.04 million people, accounting for 39.4% of the total participation in social insurance in 2016; in 2020, it will reach 5.6 million people, accounting for 33.8%; by 2025, reach 6.38 million people, accounting for 23%; The growth rate in the period of 2016-2020 is 2.7% and the period of 2021-2025 is 2.6%. The number of people participating in social insurance in the non-state sector increased faster due to the strong development of voluntary social insurance and compliance with compulsory social insurance to reach 12 million people in 2020 and 21.4 million people in 2025.

3.2. Case 2

In 2016, the country will have 13.9 million people participating in social insurance, accounting for 25% of the labor force; of which 13.4 million people participated in compulsory social insurance, accounting for 96.3% of people participating in social insurance, an increase of 1488 thousand people compared to 2015; the number of people participating in voluntary social insurance was 513,000 people, a two-fold increase compared to 2015.

In 2020, the number of people participating in social insurance reached 29.3 million, accounting for 50% of the labor force. In the 2016-2020 period, the average number of people participating in social insurance per year increased by 10.9%, equivalent to 3.85 million people, more than 7 times higher than the period 2010-2015 (an increase of 523.4 thousand people/year).

According to Table 2 below, we see: The state sector is expected to have nearly 5.04 million people, accounting for 36.3% of the total participation in Social Insurance in 2016; by 2020, it will reach 5.6 million people, accounting for 19.2%; by 2025, reach 6.38 million people, accounting for 18.8%; The growth rate in the period of 2016-2020 is 2.7% and the period of 2021-2025 is 2.6%. The number of people participating in social insurance mainly increased sharply in the non-state sector due to the strong development of voluntary social insurance and compliance with compulsory social insurance to reach 23.7 million people in 2020 and 27.6 million people in 2025.

Table 2 Forecast of the number of people participating in social insurance to 2025 (Unit: thousand people)

Criteria \ Year	2016	2017	2018	2019	2020	2025
Total (thousand)	13884	17581	21392	25274	29283	33957
1. By type						
Compulsory	13371	16654	19927	23144	26354	27166
Voluntary	513	927	1465	2129	2928	6791
Structure (%)						
Compulsory	96.3	94.7	93.2	91.6	90.0	80.0
Voluntary	3.7	5.3	6.8	8.4	10.0	20.0
2. By region						
State	5040	5180	5322	5466	5613	6383
Non-state	8844	12401	16070	19807	23670	27574
Structure (%)						
State	36.3	29.5	24.9	21.6	19.2	18.8
Non-state	63.7	70.5	75.1	78.4	80.8	81.2
3. Participation to labor force ratio (%)	25.0	31.3	37.5	43.8	50.0	55.0

Unit: thousand people

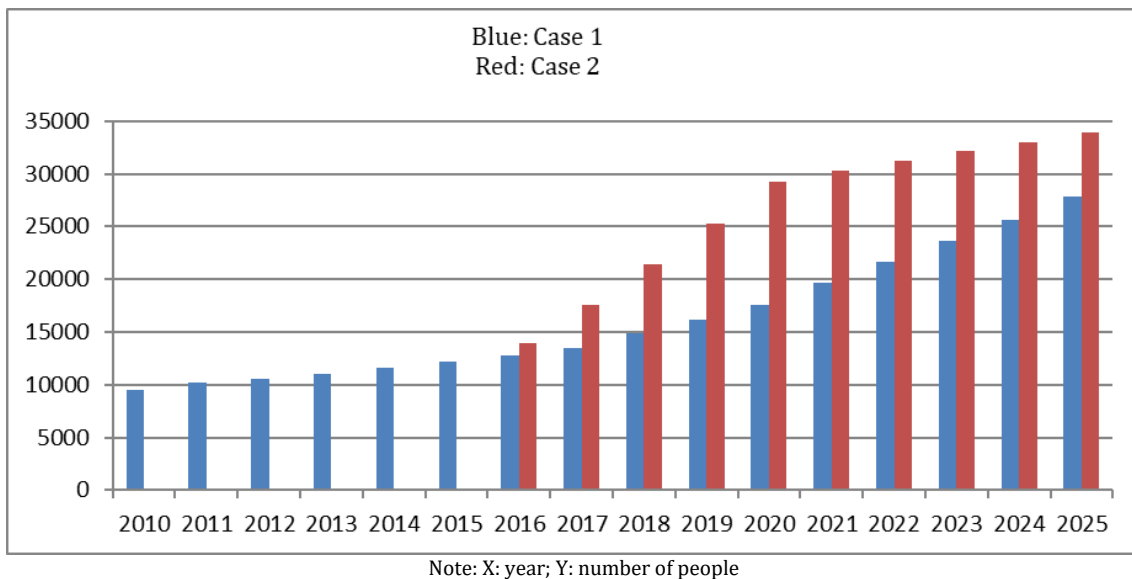


Figure 1 Comparison of the forecast results of the number of people participating in social insurance between the two cases

Thus, the forecast results of social insurance participants to 2025 in 2 cases have a large difference. In order to realize the objectives of the Resolution, in addition to reforms in terms of institutions, policies and implementation of social insurance policies in the coming time, it is necessary to continue to have stronger innovations to develop the system,

towards social security for everyone. This forecasting is of paramount importance to policymakers. Because it directly affects Social Security participants, this is their lifesaver in risky cases as stipulated by law.

Obviously case 2 will have more expectations than case 1. However, achieving that expectation requires the participation of all levels, sectors and the Government for that goal to be feasible in reality.

3.3. Regarding the situation concerning social insurance policies

The number of beneficiaries receiving retirement benefits from the social insurance fund continues to increase, while the number of beneficiaries receiving pensions from the state budget gradually decreases. By 2016, it is estimated that there will be approximately 2.28 million people receiving social insurance retirement benefits, including 731 thousand individuals from the state budget, 1.5 million from the mandatory social insurance fund, and 11 thousand from the voluntary social insurance fund.

As the number of participants in social insurance increases, it will lead to an increase in the number of beneficiaries. Although the minimum period of social insurance contributions to qualify for a pension is 20 years, the flexible and incentivizing policies regarding voluntary social insurance participation and contribution methods will attract middle-aged individuals to join. Therefore, the number of pension beneficiaries in case 2 will be higher than in case 1 (due to attracting a higher number of participants compared to the past). Specifically, this information can be summarized and forecasted in Table 3 as follows:

Table 3 Forecast of the number of retirement beneficiaries until 2025 (Unit: thousand people)

Criteria \ Year	2016	2017	2018	2019	2020	2025	Average 2016-2020 (%)	Average 2021-2025 (%)
Case 1								
the total number of pension beneficiaries	2277	2371	2483	2616	2769	4163	4.7	8.5
By type:								
State Budget	731	676	625	578	535	316	-7.5	-10.0
Mandatory Social Insurance Fund	1535	1680	1840	2015	2206	3635	9.5	10.5
Voluntary Social Insurance Fund	11	14	18	22	28	212	25.0	50.0
Case 2								
the total number of pension beneficiaries	2277	2371	2483	2616	2772	4184	4.7	8.6
By type:								
State Budget	731	676	625	578	535	316	-7.5	-10.0
Mandatory Social Insurance Fund	1535	1680	1840	2015	2206	3635	9.5	10.5
Voluntary Social Insurance Fund	11	14	18	22	31	234	26.7	50.0

According to Case 1, the number of retirement beneficiaries in 2020 is approximately 2.8 million people, with nearly 535 thousand individuals receiving pensions from the State Budget.

ShareRetry; the number of retirement beneficiaries in 2020 is approximately 2.8 million people, with around 2.4 million individuals receiving pensions from the Mandatory Social Insurance Fund, and 28 thousand individuals from the Voluntary Social Insurance Fund.

According to Case 2, in 2020, the number of retirement beneficiaries reaches approximately 2.8 million people, which is the same as in Case 1. However, there is an increase of 31 thousand individuals in the number of beneficiaries from the Voluntary Social Insurance Fund compared to Case 1.

By the year 2025, according to Case 1, the forecasted number of retirement beneficiaries will reach 4.16 million people. Out of this total, 316 thousand individuals will receive pensions from the State Budget, 3.6 million from the Mandatory Social Insurance Fund, and 212 thousand from the Voluntary Social Insurance Fund.

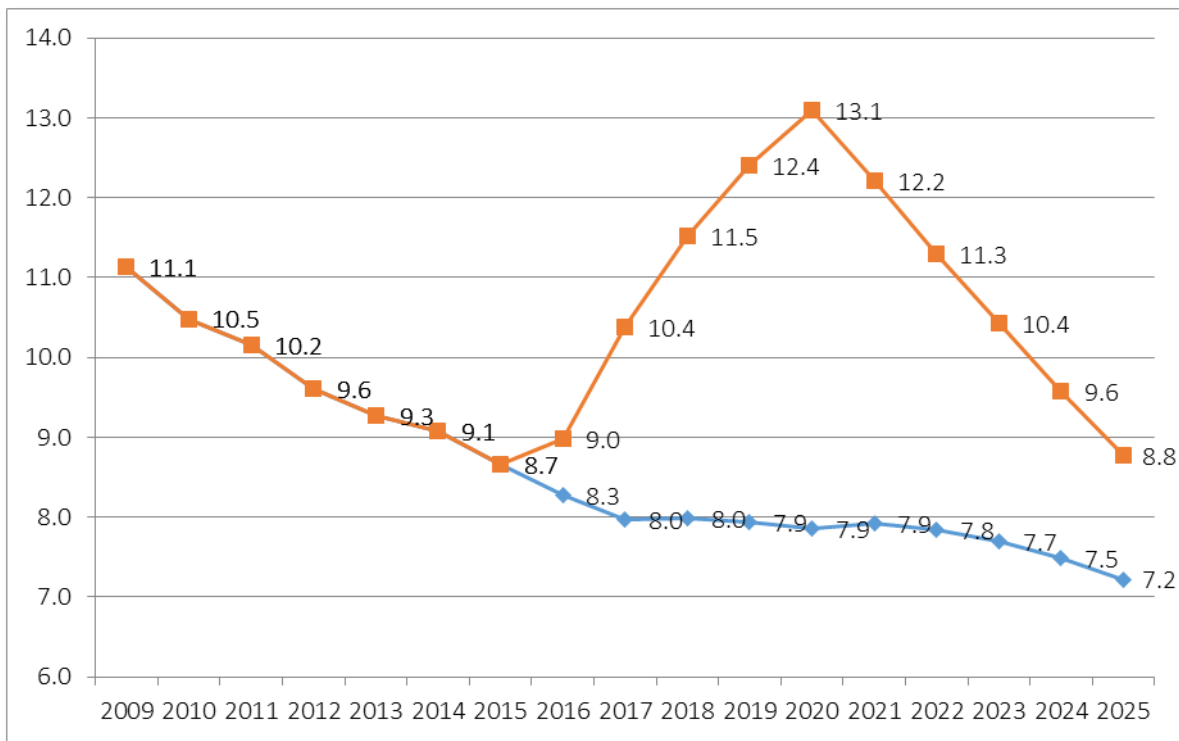
During the period from 2021 to 2025, on average, there will be an additional 279 thousand pension beneficiaries each year, representing a growth rate of 8.5% per year.

According to Case 2, the forecasted number of retirement beneficiaries by the year 2025 will reach 4.18 million people. Out of this total, 234 thousand individuals will receive pensions from the Voluntary Social Insurance Fund.

3.4. The forecasted number of contributors per pension beneficiary from the Social Insurance Fund

Based on the available data in the tables provided, the average contribution level of the number of contributors per pension beneficiary can be represented in Figure 3 as follows:

Unit: individuals



Note: X: year; Y: average number of people

Figure 2 Forecasted number of contributors per pension beneficiary from the Social Insurance Fund until 2025 in two scenarios (Blue: Case 1; Orange: Case 2)

According to Case 1, the ratio of contributors to pension beneficiaries from the Social Insurance Fund (including both mandatory and voluntary contributions) was 8.3 contributors per beneficiary in 2016. However, the number of pension beneficiaries continues to increase rapidly due to individuals transitioning from mandatory social insurance to voluntary social insurance, which qualifies them for pension benefits. The financial support policies for participants in voluntary social insurance will encourage middle-aged workers to join (this group has a shorter contribution period as

they can make retroactive contributions for the missing years), resulting in a decreasing contribution-to-beneficiary ratio, but at a gradually slowing pace. The forecasted ratio is expected to decrease to 7.9 contributors per beneficiary in 2020 and 7.2 contributors per beneficiary in 2025.

According to Case 2, due to the rapid increase in the number of participants in social insurance, the contribution-to-beneficiary ratio experienced significant growth during the period from 2016 to 2020, reaching 9.0 contributors per beneficiary in 2016 and 13.1 contributors per beneficiary in 2020. However, starting from 2021, the number of participants gradually decreases as the compliance rate approaches its maximum, while the number of social insurance beneficiaries continues to increase at a faster pace. As a result, the contribution-to-beneficiary ratio continuously decreases, reaching 8.8 contributors per beneficiary in 2025.

4. Conclusion

By emphasizing trend forecasting, policy decisions regarding social insurance in Vietnam can be made accurately and flexibly, thereby meeting the demands and changes of society while creating favorable conditions for the sustainable development of the social insurance system in the present and near future.

4.1. For the State

Developing a strategy for social insurance in Vietnam is currently an urgent task. To achieve the set goals, trend forecasting is of paramount importance as it provides the foundation for policy-makers to make informed decisions that can timely meet the evolving trends in the development of social insurance in the present and near future.

Trend forecasting relies on collecting and analyzing relevant information, such as population data, economic conditions, social changes, and other factors related to the social insurance system. Policy-makers need to utilize forecasting techniques and modeling to generate scenarios and predictions for the future, enabling them to make appropriate decisions and implement necessary adjustments.

Furthermore, forecasting efforts should be conducted regularly and continuously, providing up-to-date and accurate information for policy-making processes. Promoting collaboration between government agencies, research institutions, and experts in the field of social insurance is essential for joint research, evaluation, and improvement of forecasting practices.

4.2. Regarding social insurance in Vietnam

One approach for social insurance in Vietnam is to promote awareness of the rights and benefits of participating in social insurance through various media channels. This helps people understand the positive and humane nature of social insurance policies. By increasing coverage, more individuals can benefit from the social insurance system in the future.

Public Awareness Campaigns: Launch comprehensive and targeted campaigns to raise awareness about social insurance, its importance, and the advantages of participation. Utilize various media platforms such as television, radio, newspapers, social media, and community outreach programs to reach a wide audience.

Collaboration with Stakeholders: Engage with employers, labor unions, community organizations, and other relevant stakeholders to disseminate information about social insurance and encourage participation. Collaborate with these entities to organize workshops, seminars, and awareness-raising events.

4.3. On the part of the Ministry of Labor, War Invalids and Social Affairs

Partnership and Collaboration: Foster collaboration between the Ministry of Labor, Invalids and Social Affairs and other relevant stakeholders, such as employers' associations, labor unions, and civil society organizations. Engage in joint efforts to raise awareness and disseminate information about social insurance.

Capacity Building: Provide training and capacity-building programs for officials and staff members of the Ministry of Labor, Invalids and Social Affairs to enhance their knowledge and skills in social insurance policies and practices. This will enable them to effectively communicate and implement social insurance programs.

Comprehensive Communication Strategy: Develop a comprehensive communication strategy that includes mass media campaigns, public forums, workshops, and community outreach activities. Utilize various communication channels,

including television, radio, newspapers, social media, and community events, to reach a wide range of individuals and convey the importance of social insurance.

Simplified Procedures: Streamline administrative procedures and documentation requirements related to social insurance to make it easier for individuals to enroll and access benefits. Provide clear guidance and support to individuals and employers to navigate the system, understand their rights and obligations, and facilitate the enrollment process.

By implementing trend forecasting, social insurance policies can be developed and adjusted in an intelligent and flexible manner, while promptly responding to changes and societal needs. This enhances the effectiveness and sustainability of social insurance policies in the long run.

Compliance with ethical standards

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Disclosure of conflict of interest

The authors declare that no conflict of interest.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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