

**Speech of Dr Ingo Karsten, Ambassador
of the Federal Republic of Germany to the Kingdom of Cambodia,
on the occasion of National Social Protection Policy Framework Launch, July 24th, 2017**

H.E. Dr Aun Pornmoniroth, Senior Minister, Minister of Economy and Finance,

Excellences,

Distinguished guests,

Ladies and gentlemen,

It is a great honour for me to have been invited to speak at this historic event - the official launch of the “**National Social Protection Policy Framework 2016-2025**”.

I would like to congratulate the Royal Government of Cambodia for taking this bold step for a comprehensive reform of the existing fragmented social protection system and for your government to take the lead. Economic growth and social protection are the foundations of political stability. This is certainly the right time. And, indeed you are writing history. History of a different kind.

As a German I know what I am talking about. Bismarck who *masterminded* German politics between 1860 and 1890 first, as Prime Minister of Prussia and later, as the Chancellor of the German Reich - is not remembered for his power politics which changed the face of Europe - but is remembered and venerated in Germany and across the world as the founder of the German social health insurance system. It was later supplemented by a pension and unemployment insurance scheme and completed with a comprehensive social welfare program. This changed the fate and lives of all Germans. The system was so robust it survived two world wars and a number of very different political regimes – yes, it was reformed and refined over time. In fact, sometimes I think it is a constant reform process and it will still need further adjustments as our society is aging and disease patterns change.

The German social protection system is an important - if not the most important pillar of Germany's economic success over the past 50 years. This was again demonstrated in the

way Germany's social protection system brought politics, business and civil society together to manage the financial crisis of 2008.

It all started in 1883 with the introduction of the National Health Insurance Law for Workers – and let me tell you, this was not driven by the minister of health or health professionals of the time – Bismarck wanted to win over the votes of the growing working class in the upcoming elections of the following year. Once the ball was set in motion and started to produce good results – it went on and on – and today Germany praises itself to be one of the most successful social market economies in the world.

Why do I indulge in this piece of German history? First, to **encourage** you – the social, political economic and political benefits are enormous; second, to **persevere** – it is a long way, Germany achieved universal health coverage only by the early 1960s – 75 years after it started and third, to **invite** you to learn from our mistakes and success in order to design your own Cambodian social protection system – laying the foundation not only to achieve the SDGs (Sustainable Development Goals) by 2030, but to create the basis for future sustained economic growth propelling Cambodia into the group of high income countries by 2050.

Cambodia is not alone - there is a strong momentum in the region for social reforms underpinning economic growth. In 2013 the ASEAN member states adopted the **Declaration on Strengthening Social Protection**. This year, Social Protection has been selected as the ASEAN theme for its **50th anniversary**.

Cambodia's sustained and robust economic growth rate of 7.6 percent over the past 20 years is projected to continue for the medium term future. Economic outlook remains positive. Cambodia can be proud of its achievements. Under the leadership of PM Hun Sen the country has achieved peace and prosperity and is now a lower middle-income country. But, political and economic achievements and their further development have to be underpinned by social protection policies delivering social goods – health, good education, economic opportunities and a dignified long life.

At the beginning I ventured into a bit of German history. Allow me to make some remarks on present day German politics. Germany is in election mode – national elections are held in September. And while the international newspapers are focussing on the difference in foreign affairs of the competing parties – for the electorate in Germany it is much more important what the competing parties are going to do **in** Germany and **for** Germans and all those who are living in Germany. Social Protection is high on the agenda – e.g. people are more interested to understand how access and quality of health care can be improved and how the burden of financing health care and social welfare can be shared between the rich and the poor, the employed and unemployed, the young and old, the urban and rural population, the formal and informal economy.

Social protection floors are nationally defined – and, of course the benefits and social transfers in Cambodia and Germany are different – at least for now. However, worldwide evidence shows that a basic social protection floor is affordable at any stage of economic development, if it is introduced gradually – and that it contributes to – peace and stability and economic growth.

If ever Cambodia was looking or waiting for the right time to introduce social protection schemes that can help to prevent deprivation through disability benefits, social pensions and social assistance for the chronically poor especially for pregnant women and children. For all in need, whether marginalized and vulnerable groups, ethnic minorities or persons with disabilities - this time has come now. The success of the future Social Protection Policy will be attributed to your government.

First steps have already been successfully taken:

- I congratulate the National Social Security Fund (NSSF) which last year supplemented the existing accident insurance program for formal sector employees with a social health insurance scheme. At the beginning of this year the NSSF introduced a new social health insurance scheme for government employees.

- I applaud the Cambodian government to the establishment of a national Health Equity Fund (HEF) which covers all health care expenditure for all IDPoor card holders and provides transport allowances to reach public health care facilities.
- However, the most vulnerable Cambodians to financial burdens caused by health care expenditure are no longer the poor - but the near poor and all those working in the informal economy. This group accounts for nearly 60 percent of the population. The new National Social Protection Policy Framework sets the agenda how this population group will be covered within the shortest time possible in order to pave the way for Cambodia to achieve Universal Health Coverage – access to good quality health care without paying at the point of use out of pocket – by 2030. This will reduce poverty and maintain a healthy and economic productive and political active population.

Additionally the new National Social Protection System -

- Will focus on human capital development by establishing a new cash transfer program for pregnant women and children, and by strengthening school scholarship programs and school feeding programs. By doing so, high-risk pregnancies and malnutrition will be reduced and ultimately avoided altogether. This is a crucial step towards protecting two of the most vulnerable groups and securing the future of Cambodia's next generation.
- Will prepare the grounds for the government to start to establish a contributory pension system. Still, the great majority of Cambodia's older women and men have no secure income, have no right to retirement benefits and have to continue working as long as they can. Therefore it is of utmost importance to reach not only a small portion of the population but rather to expand coverage to as many people as possible.

Last but not least, it is very encouraging to learn that the development of the **National Social Protection Policy Framework** took into account the experiences of neighbouring ASEAN countries - something which development partners have had the opportunity to help facilitate. Harmonization of social protection systems across ASEAN will be an important topic as the ASEAN regional economic and social integration agenda matures further in the future.

Germany and other development partners, as **USAID, ILO, AFD, JICA, UNICEF and the European Union** here today, are ready to support the implementation, let alone through the excellent experts of the GIZ. We can do so by sharing our expertise in the topic and by facilitating Cambodia's knowledge transfer from other countries around the region. However, it is important to stress that Cambodia needs to develop a system suited for its **own** individual needs. The experience of other countries will and can only serve as a learning platform - demonstrating good practices and showing pitfalls.

There is a challenging piece of work ahead of you and your government – but it will be worth it. Investments into social protection are paying-offs in many terms - health, productivity, and social solidarity. The first steps– are always the most difficult – but every journey starts with them – but once in motion elephants are difficult to stop. A functioning **National Social Protection System** is politically as powerful as an elephant. It will transform lives and allow Cambodians to live a long and happy live.

Thank you