

**MEMORANDUM OF UNDERSTANDING  
FOR SUPPORTING SOCIAL HEALTH PROTECTION IN CAMBODIA**

Between:

The **CAMBODIAN MINISTRY OF LABOUR AND VOCATIONAL TRAINING**, hereafter referred as MOLVT

Address: Building No 3, Russian Blvd. Sangkat Tuek Laak I, Khan Toul Kork, Phnom Penh

Represented by H.E. Kann Man, Secretary of State, Ministry of Labour and Vocational Training.

And:

The **CAMBODIAN MINISTRY OF HEALTH**, hereafter referred as MOH,

Address: #151-153, Kampuchea Krom, Phnom Penh

Represented by H.E. Prof. Eng Huot, Secretary of State, Ministry of Health

And:

**GARMENT MANUFACTURERS ASSOCIATION IN CAMBODIA**, hereafter referred as GMAC

Address: 175 Nehru Bd, Phnom Penh, Cambodia

Represented by Mr. Van Sou Ieng, Chairman of the GMAC, Cambodia.

And:

The **GRET "Professionals for Fair Development"** hereafter referred as GRET,

Address: Campus du Jardin Tropical, 45bis avenue de la Belle Gabrielle, 94736 Nogent-sur-Marne, France.

Represented by Mr. Poro Aing, GRET Representative, Cambodia.

Hereafter referred as "The PARTIES"

## OVERALL CONTEXT

WHEREAS the **Ministry of Health (MOH)** is primarily responsible for ensuring delivery of quality health care services to the population and developing the design of benefit package and provider payment mechanism, it shall oversee the implementation of CBHI (Community Based Health Insurance) and HEF (Health Equity Funds) and other health financing schemes to cover the informal sector pending, has stewarded the GRET to implement CBHI-HIP in Phnom Penh with financial support by *Agence Française de Développement* (AFD) and Providing For Health (P4H)/World Health Organization (WHO).

WHEREAS the **National Social Security Fund (NSSF) / Ministry of Labor and Vocational Training (MOLVT)** has been authorised by H.E Prime Minister on March 2<sup>nd</sup>, 2007 within the framework of a national social protection system for the formal private sector. The NSSF operates as a public self-financing institution, governed by an independent Board with a tripartite representation: government, employers and employees. The NSSF delivers work injuries insurance which has been implemented since 2008 and has been committed to start the implementation of the National Health Insurance branch for the private formal sector by the end of September 2013.

WHEREAS the **Garment Manufactory Association Committee (GMAC)** is the official association of garment manufacturers who are exporters registered with Ministry of Commerce. GMAC's has about 270 members and was officially registered with MOLVT as an employers' organization in compliance with the Cambodian Labour Law 1997. It was also incorporated as an association with the Ministry of Commerce. GMAC members collectively employ approximately 330,000 workers. GMAC is co-managing The Health Insurance Project (HIP) for Garment workers with GRET since 2009 with AFD and ILO/MIIF financial support.

WHEREAS the **GRET, Professionals for Fair Development**, a French International NGO active in Cambodia since 1987:

- has developed (i) SKY health insurance project active in Phnom Penh in both informal and formal sectors with the support of MOH, AFD and GIZ financial support; (ii) Health Insurance Project (HIP) for Garment workers in collaboration with GMAC, NSSF/MOLVT since 2009 with AFD and ILO (The Facility) financial support in order to pave the way to the implementation of social health protection in the private formal sector.
- has been proposed by The PARTIES and financial partners to implement a transition project from 01/07/2012 to 30/09/2013 with 4 objectives: (i) Maintaining HIP and SKY health insurance coverage in Phnom Penh for more than 11 000 persons before the launch of the health insurance branch of the NSSF (expected in September 2013); (ii) Ensuring transfer of capacities and lessons learned from HIP on selected technical areas to the NSSF management team; (iii) Ensuring transfer of capacities and lessons learned from SKY related to its Monitoring and Information System for both CBHI and HEF operators through a contribution to the work of the Social Health Protection Association (SHPA); (iv) Find appropriate sustainable options to the management of all HIP and SKY current health insurance contracts in Phnom Penh in September 2013 as detailed in the project document in Appendix.
- has proposed to conduct all current HIP and SKY health insurance activities under a project status before appropriate sustainable options can be found for September 2013.

The PARTIES agree on the following articles:

#### ARTICLE 1: DEFINITIONS

The following words and expressions used in this document have the signification mentioned below, unless the context requires a different one:

- "AFD" means Agence Française de Développement
- "GMAC" means Garment Manufacturers Association in Cambodia;
- "GRET" means GRET Professionals for Fair Development;
- "HIP" means the Health Insurance Project;
- "MOH" means Ministry of Health;
- "MOLVT" means Ministry Labour and Vocational Training;
- "MOU" means Memorandum of Understanding;
- "NSSF" means National Social Security Fund;
- "PARTIES" means the MOLVT/NSSF, the MOH, the GMAC and the GRET;
- "SKY" means the SKY Micro-Insurance Project;

#### ARTICLE 2: OBJECT OF THE MOU

2.1 The object of this MOU is to define the modalities of cooperation between the PARTIES for the preparation, funding, development, implementation, monitoring, evaluation and dissemination of the HIP/SKY project.

2.2 The PARTIES agree on the execution of the project which presentation is included in the Appendix.

The Appendix is fully part of the MOU.

#### ARTICLE 3: DEFINITION OF PARTNERSHIP ACTIONS

3.1 The PARTIES will do their utmost to coordinate their efforts to execute the project as defined in the project document in Appendix.

3.2 The PARTIES will participate in this project in the following manners:

GRET and GMAC agree:

3.2.1 To be responsible for the technical implementation of the project as presented in Appendix, in close consultation with the MOLVT/NSSF and MOH.

3.2.2 To closely work at all times with Cambodian counterparts in order to maximize transfer of skills and strengthen Cambodian technical expertise and capacity with related skills.

3.2.3 To discuss any extension or reduction of the project with the MOLVT, NSSF and MOH.

**GRET agrees:**

3.2.4 To provide a permanent technical assistance to manage and follow up the HIP/SKY project through a proficient project manager.

3.2.5 To hire and train HIP/SKY team and to provide capacity building support.

3.2.6 To closely work at all times with Cambodian counterparts in order to maximize transfer of skills and strengthen Cambodian technical expertise and capacity with related skills. In that perspective to implement the training activities presented in annex if pre-conditions are met.

3.2.7 To regularly attend the meetings organized by the MOLVT, NSSF and MOH related to Social Protection issues for the formal and informal sectors.

3.2.8 To finance GRET technical assistance for a maximum total budget of 64 610 euros (sixty four thousand six hundred and ten euros) during the project duration.

3.2.9 To send each month an invoice to GMAC for its lump sum contribution of 1,130 euros per month (one thousand one hundred and thirty euros on the basis of 1 500 USD) to cover project management costs during the project period. The invoice should be sent between the 20<sup>th</sup> and the 25<sup>th</sup> of each month.

3.2.10 To prepare, with NSSF key appointed staff (see article 3.2.27), a monthly invoice for NSSF contribution to HIP insured workers. The invoice should be prepared the second week of each month and sent to NSSF at the end of the second week of each month at the latest.

3.2.11 To prepare invoices and financial reports for MOH financial contribution in compliance with amendment VII between GRET and MOH presented in appendix.

3.2.12 To effectively use the approved project estimated budget of 318 439 euros (three hundred eighteen thousand four hundred and thirty nine euros) for 15 months (1<sup>st</sup> July 2012 to 30th September 2013) to meet the stated objectives as presented in the project document in appendix.

3.2.13 To provide quarterly financial report and budget follow-up to The PARTIES presenting the project expenditures and contributions from NSSF; GMAC, MOH, GRET and HIP/SKY revenues (gross margin). These reports will be presented during HIP/SKY quarterly steering committee (see article 4.4).

3.2.14 To prepare the quarterly steering committee meeting in close collaboration with MOLVT and NSSF, MOH and GMAC.

3.2.15 To keep the PARTIES regularly informed of the progress of the insurance scheme. This will include providing the MOLVT/NSSF and MOH with bi-yearly progress report.



3.2.16 To identify suitable solutions to transfer SKY-CBHI activities in Phnom Penh before the end of September 2013 in line with the MOH policy as described in the project document in Appendix.

3.2.17 To ensure the transfer of HIP's portfolio members to a sustainable institution before the end of September 2013 in case of delay in the implementation of the NSSF health insurance branch as described in the project document in Appendix.

3.2.18 To present the project exit strategy during the steering committee meeting at the end of the first quarter 2012.

**GMAC agrees:**

3.2.19 To actively promote HIP among its members to guarantee its sound development over the 15 months project.

3.2.20 To contribute to the project management costs with a monthly lump sum of 1,130 euros (one thousand one hundred and thirty euros on the basis of 1 500 USD) directly paid to GRET each month upon formal request and official receipt from the 1<sup>st</sup> July 2012 to the 30th September 2013.

3.2.21 To pay its monthly contribution on the fourth week of each month at the latest in respect to HIP/SKY accountancy.

3.2.22 To nominate a person(s) to be the focal person to assist in implementing the HIP scheme.

3.2.23 To facilitate the scheme activities between HIP and the factories.

3.2.24 To appoint a suitable representative to attend the quarterly steering committee meeting.

**MOLVT agrees:**

3.2.25 To endorse the HIP/SKY project and to use the HIP experience as an input for further policy developments related to social insurance and for the implementation of the NSSF.

3.2.26 To appoint the following persons as key persons from NSSF to work in collaboration with HIP/SKY staff in order for the project activities to be implemented in a timely manner and to participate to the training program activities presented in appendix:

- Mr Hang Sokserey (Vice Chief Office of IT Division, NSSF/MOLVT)
- Mr Heng Sophannarith (Officer of Policy Division, NSSF/MOLVT)
- Mr Doung Sokha (Officer of Benefit Division, NSSF/MOLVT)

3.2.27 To contribute through NSSF to the payment of medical expenditures of HIP insured workers for a total amount of 30,000 euros (thirty thousand euros) for the duration of the project.

3.2.28 To pay its financial contribution for HIP/SKY project directly to GRET on a monthly basis in riels for an equivalent of 2,000 euros (two thousand euros) per month. The payment will be made by NSSF by wire transfer to GRET upon reception of an official invoice stating the contribution of the NSSF to the monthly medical expenditures of workers insured under HIP.

3.2.29 To pay its monthly contribution on the third week of each month at the latest in respect to HIP/SKY accountancy.

3.2.30 To support the implementation and facilitate the operations of the project.

3.2.31 To promote open communication with the GRET and the GMAC, to assist in planning, managing and problem solving.

3.2.32 To appoint a suitable representative to attend the quarterly steering committee meeting.

3.2.33 To ensure the implementation of the national social health insurance branch starting at the beginning of October 2013.

**MOH agrees:**

3.2.34 To endorse the HIP/SKY project and to use SKY experience as an input for further policy developments related to social health insurance for the informal sector and for the implementation of the social health protection strategy.

3.2.35 To financially support the project, through HSSP2/AFD discrete fund, for a maximum total amount of 198 485 euros (one hundred ninety eight thousand four hundred and eighty five euros) in complement to GMAC, GRET, NSSF contributions and HIP/SKY gross margin. MOH financial contribution to HIP/SKY project includes a contribution from P4H Network (Providing For Health) through the World Health Organization (WHO) for a total amount of 50 000 euros (fifty thousand euros) for the project duration.

3.2.36 To provide its financial support directly to GRET as stated in the amendment VII between GRET and MOH presented in Appendix.

3.2.37 To support the implementation and facilitate the operations of the project as presented in Appendix.

3.2.38 To promote open communication with the MOLVT/NSSF, GRET and the GMAC to assist in planning, managing and problem solving.

3.2.39 To facilitate and provide technical support to the NSSF / MOLVT to develop a benefit package and provider payment mechanism for the social health insurance compulsory scheme for private formal sector which will be operated by the NSSF by an active participation to the technical working group which has been recently established with joint MOH/NSSF members. This provider payment mechanism, and its revision, will be used for developing a comprehensive IT database system for the NSSF to manage the scheme.

3.2.40 To designate suitable counterparts to work with HIP/SKY staff, in order for the project activities to be implemented in a timely manner.

3.2.41 To appoint the following representative to attend the quarterly steering committee meeting.

- Dr. Lo Veasnakiry, Director of Planning and Health Information Department.
- Dr. Sok Kanha, Deputy Director of Planning and Health Information Department.

**ARTICLE 4: MONITORING OF THE PROJECT**

4.1 A Steering Committee composed of representatives from GRET, GMAC, MOLVT, MOH and MEF will be created.

4.2 H.E. Kan Mon, Minister of Labour and Vocational Training, and H.E. Prof. Eng Huot, Secretary of Health, or their duly appointed representatives will co-chair the Steering Committee.

4.3. During a transition phase until the steering committee is established, the previous HIP project steering committee, composed of representatives from GRET GMAC, MOLVT, MOH and MEF will meet.

4.4 The project steering committee will meet quarterly in Phnom Penh.

4.5 The project steering committee main tasks will be as follows:

- Formulate recommendations on the strategies to be followed by HIP and SKY urban;
- Be briefed on the main achievements of the scheme, on training activities and on preliminary findings, and provide advice in consequence ;
- Be informed about the project budget follow-up and "PARTIES" contributions to the project;
- Facilitate the discussions between all PARTIES and make recommendations to prepare a smooth transition between SKY/HIP and NSSF at the time of its implementation.

4.6 The Steering Committee can also meet whenever one of its members will judge it useful to discuss about the progress and the results.

#### **ARTICLE 5: COLLABORATION WITH THE ROYAL GOVERNMENT OF CAMBODIA**

5.1 The PARTIES acknowledge that HIP/SKY project is a temporary measure until health care for salaried workers is covered by the NSSF and until September 2013 for CBHI activities in Phnom Penh municipality in the absence of local sustainable CBHI operator as presented in the project document in annex.

5.2 The PARTIES consider that the outcome of the scheme will contribute to the development of the national social security's policy, procedures, processes, budget and operating framework.

5.3 In this context, the PARTIES commit themselves to closely collaborate with the Royal Government of Cambodia, and more particularly with:

- The Ministry of Labor and Vocational Training;
- The National Social Security Fund;
- The Ministry of Health;
- The Ministry of Economy and Finance.

#### **ARTICLE 6: NON FOR PROFIT STATUS OF HIP**

All PARTIES recognize the non-for-profit status of HIP and SKY urban health insurance activities.

#### **ARTICLE 7: PROMOTION, COMMUNICATION AND DISSEMINATION OF THE RESULTS**

7.1 GRET and GMAC will liaise with MOLVT and MOH to ensure that all messages related to social protection issues are consistent with MOH, MOLVT and NSSF policy.

7.2 Any report or article for publication, resulting from this project collaboration, shall be referred by the PARTIES to the MOLVT and MOH for comments.

7.3 All the PARTIES have the right to use the program findings for references or personal publication, for educational, research and editorial purposes, as long as all parties involved in the project are clearly mentioned (GRET/HIP/SKY project supported by MOH, MOLVT/NSSF, GMAC, P4H, AFD and GRET).

#### ARTICLE 8: COMING INTO EFFECT AND DURATION

8.1 This MOU comes into effect retroactively from the 1<sup>st</sup> of July 2012 upon the signature by all PARTIES.

8.2 This MOU shall remain in effect until the end of the project, forecast for 30<sup>th</sup> of September 2013.

#### ARTICLE 9: MODIFICATION AND TERMINATION

9.1 Written amendments to this MOU may be attached by agreement and approval of all PARTIES, and signed by all PARTIES after due consideration.

9.2 The PARTIES can terminate this MOU with six months notice.

9.3 GRET and GMAC shall be entitled, after discussion with the MOLVT and MOH, to bring to an end this MOU, if they judge that cooperation is insufficient for effective implementation of the project, or that the security of its personnel or property is endangered due to war, hostilities or other grave disturbance.

9.4 GRET shall be entitled, after discussion with the MOLVT, MOH and GMAC, to bring to an end this MOU if financial resources planned for the project as stated in article III are eventually not fully available or not made available on time to GRET to properly conduct the planned activities as stated in the project document.

9.5 The MOLVT and MOH, after discussion with CDC and the Ministry of Foreign Affairs and International Cooperation, shall be entitled to bring to an end this MOU if the accredited representatives of GRET are judged not to be fulfilling their participation as stated in the Article III of this MOU.

9.6 Should the laws in force in Cambodia not be respected by GRET, the MOLVT may after due notice to the GRET, bring an end to this MOU.

This agreement is presented unaltered, in 2 originals, Khmer and English, all texts being equally authentic and of equal value.



Signed on four originals

For THE MINISTRY OF LABOUR AND VOCATIONAL TRAINING, (MOLVT)

H.E. Kanh Mon, Secretary of State, Ministry of Labour and Vocational Training



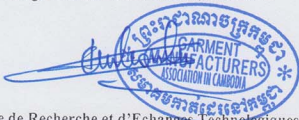
For THE CAMBODIAN MINISTRY OF HEALTH, (MOH)

H.E. Prof. Eng Huot, Secretary of State, Ministry of Health

Ministry of Health  
Second  
Health Sector Support Program  
Secretariat

For THE GARMENT MANUFACTURERS ASSOCIATION IN CAMBODIA, (GMAC)

Mr. Van Sou Ieng, Chairman of the GMAC, Cambodia.



For Groupe de Recherche et d'Echanges Technologiques (GRET)

Poro AING, GRET Representative in Cambodia.



WITNESS for the NATIONAL SOCIAL SECURITY FUND (NSSF)

Mr. Ouk Samvithyea



## APPENDICES

Appendix 1-HIP/SKY Project document submitted to MOH revised in July 2012.

Appendix 2 - HIP/SKY/ NSSF training plan.

Appendix 3 - Amendment between MOH and GRET for financial support to HIP/SKY project.