



ILO/Japan Multi-bilateral Programme

Promoting and Building Unemployment Insurance and Employment Services in the ASEAN

Study Visit on Employment Insurance (EI)

Tokyo, Japan 8-9 November 2011



Participants with Mr. Kiichiro Yoshimura at Ministry of Health, Labour and Welfare

Background

While the impact of the global economic and financial crisis has been large on the ten countries of the Association of Southeast Asian Nations (ASEAN), the region has rebounded remarkably. However, employment creation is estimated to have occurred at a slower path, and the crisis has definitely slowed down the declining trend between 2003 and 2008 in the share of workers in vulnerable employment (60 per cent of the workforce).

Among the ASEAN member States, Thailand and Viet Nam have already in place an unemployment insurance scheme, while Malaysia, Indonesia and the Philippines are launching a feasibility study to design an unemployment insurance system.

Experience gained from Japan, where UI cash benefits and where employment services, such as vacancy information, job matching, vocational training, and other Active Labour Market Policies (ALMP) are provided to the unemployed, shows that this combination is the most efficient way to protect the unemployed against poverty on one hand, and to support them to return to employment on the other hand.

In light of Japan's experience, linkages to integrate the two mechanisms into one under Employment Insurance (EI) as a single window service should be reinforced in Viet Nam, Thailand and considered in Malaysia.

Objectives of the study visit

The following objectives of the study visit were achieved:

- i) To enrich the knowledge and understanding of the participants on the topic of employment insurance by learning from Japan's good practices on providing support to unemployed, especially the link between UI cash benefits with employment and vocational training services, as a single window service.
- ii) To learn from the Japanese employment insurance scheme's historical development, institutional arrangements, current coverage and performance as well as challenges in the implementation.
- iii) To contribute to create a network of experts on unemployment insurance, employment and vocational training services among the ASEAN region, these experts/officials are currently implementing the employment insurance scheme or are in the stage of designing the scheme in their respective countries.

List of Participants

Country	Name	Title, Organization and Contact Address	
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ILO	Ms. Celine Peyron Bista	Chief Technical Advisor, Promoting and Building Unemployment Insurance and Employment Services in ASEAN, International Labour Organization Regional Office for Asia and Pacific	
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Proceedings by session, including Q&A (Programme to be attached in annex)

Session 1 Overview of Japanese Employment Insurance Scheme and Operational Arrangement by Mr. Masayuki Nomiyama, Former official of the MHLW

- Recent employment trends and adjustments of the EI system in low economic growth
 - Changeover of Japanese-style employment management system- lifelong employment, seniority-based employment, in-house human resources development and in-house union-
 - Increasing unemployment rate from 2% in 1990 to 4-5% in 2000
 - Increasing non-regular workers from 20% in 1991 to 35% in 2011

- Objectives and historical development of the EI system
 - Post-war Labour Legislations; Labour Standard Law, Trade Union Law, Employment Security Law, Unemployment Insurance Law
 - Enactment of Unemployment Insurance Law in 1947
 - Amendment to Employment Insurance Law in 1974 on the back of structural change in economy and society by rundown of coal mining industry, rapid aging etc.
 - Revision of El system such as extension of coverage, new allowances in 1950's to 1980's
 - Enhancement of EI system as a safety net on the back of serious economic situation and change-over of Japanese-style employment management system
- Framework of EI system: Unemployment benefits and two services
- Unemployment benefits
 - Unemployment benefits for job-finding, promotion of reemployment, education and training, employment continuation
 - Definition of the Unemployment; insured person who has lost job and is not able to find employment despite the intention and ability to work
 - Amount of basic allowance; almost 50 to 80% of previous wages for 6 months, with upper limit by the age
 - Period of benefit; as a general rule, depends on the age and the reason of separation whether voluntary or not
 - Procedure of benefit; at Public Employment Security Office (Hello Work), firstly being certified
 qualification as a unemployment beneficiary, and next being recognized unemployment every 4
 weeks, lastly being paid allowance
 - Contribution; Insurance premium (1.2% of monthly wage, 0.6% from employee, 0.6% from employer), and national treasury (almost 25% of the amount of job applicants' benefits and employ continuation benefits for younger than the age 60)
- Two services;
 - Service for employment stability; various grants to prevent unemployment, to promote employment of the elderly, to create employment, and to improve employment management
 - Service for human resources development; to provide public vocational training, subsidies for employer to promote employees' ability development
 - Contribution; Insurance premium from employer (0.35% of monthly wage only from employer)
- Case study : some comparison considerations between the UI scheme in Thailand and the Japanese one
 - Background of introduction; Recovery from economic and financial crisis and enforcement of social security
 - Organization; Two organization, SSO and DOE, manage the EI system with taking share of
 payment and others such as unemployment recognition and employment services, whereas in
 Japan Hello Work takes charge of whole management
 - Coverage; Employee applied Social Security Fund
 - Beneficiary; insured person who paid premium for more than 6 months in the previous 15 months, and who is dismissed, is laid off or separated voluntarily, and who are seeking job.
 - Amount of the benefit; 30-50% of previous wage according to the reason of separation, whereas in Japan 50-80% of previous wage
 - Period of benefit; 90-180 days according to the reason of separation, whereas in Japan 90-330 days according to the age, length of insured period, and the reason of separation.
 - Contribution; Insurance premium (1.0% of monthly wage, 0.5% from both of employer and employee, and 0.25% from national treasury
- Suggestions for ASEAN countries to introduce sustainable EI system; (refer to "Key Message")

- How to determine the contribution rate?
 - ⇒ based on dialogue among government, employees and employers
- What should be the retirement age and voluntary post-retirement age?
 - ⇒ retirement age should be above 60 years of age by law
 - ⇒ on-going discussions to extend the retirement age to 65 years old, and then in a near future to 68 years old
- How to prevent prolonged unemployment relying on benefits?
 - ⇒ allowance to promote earlier reemployment
- What are the EI system's measures envisaged to cope with natural disaster such as tsunami or earthquake?
 - \Rightarrow extension of payment duration
 - ⇒ flexibility in the law to adjust timely the scheme
- How is the premium collected?
 - ⇒Premiums are collected from employer together with Industrial Accident Compensation Insurance as Labour Insurance Premium

Session 2 Session 3

Services provided by EI Scheme

Employment Insurance Scheme in the context of current and anticipated challenges by Mr. Kiichiro Yoshimura, Deputy Director, Employment Insurance Div., Employment Security Bureau, Ministry of Health, Labour and Welfare

- The aim of services by EI system;
 - Unemployment and other benefits; to stabilize workers' living and employment, and to
 encourage to get employment when they become unemployed and deprived of a source of
 income, when it becomes difficult for them to continue their job, and when workers voluntarily
 receive vocational education or training
 - Job seekers assistance to job seekers who are not eligible for job applicants' benefit, when they participate in designation training
 - Two services ; to prevent unemployment, improve employment conditions, increase employment opportunities, and to develop and improve workers' ability
- Coverage of EI system; compulsorily covers all businesses employing workers except not incorporated businesses of agriculture, forestry or fishery which usually employ less than 5 workers Insured person covered by EI;
 - generally insured persons; employed by businesses covered by EI except for the persons older than the age of 65, short-hour workers less than 20 hours per week, temporary workers within 31 days, seasonal workers less than 4 months or less than 30 hours per week, and working students
 - Others; continuously insured older workers employed by same employer, specially insured seasonal workers, and daily labourers
- Unemployment and other benefits; basic allowance, Job applicant's benefits for insured old persons, Special lump sum allowance, Job applicant7s benefit for insured daily labourers, Job promotion allowance, Study and training benefits, Employment continuation benefits for the older persons, Childcare leave benefits, Family-care leave benefits
- Two services; (same as above mentioned)
- Insurance premium; (same as above mentioned)
- Contribution from national treasury; one fourth of job applicants' benefits (except the benefits for the older persons and insured day labourers), one third of job applicants' benefits for insured day labourers and one eighths of employment continuation benefits.
- *The amounts shall be 55% of the original amounts for the time being. (25%x55%=13.75%)
- Measures against recent labour situation
 - Financial crisis; temporary extension of Unemployment benefits

- Earthquake and Tsunami; temporary extension of Unemployment benefits in devastated area and the limited area only), and unemployment benefits for temporary lay-off workers
- Financial instability of two services; high level of short term work subsidy and loan from El fund
- Temporary workers; gradual expansion of coverage (requirement of insured period from one year to 31 days before separation), no distinction of nationalities, coverage for temporary worker (based on the estimated duration longer than 31 days)
- Aging population; expansion of coverage for the persons over the age of 65
- Youth employment; expansion of coverage for temporary workers
- Additional information;
 - Subsidies for employers provided by two services; so many kinds of subsidies, mainly, such as employment maintenance subsidies, hiring subsidies, training subsidies and subsidies for improving working condition for the disabled
 - Budget for two services; 531 billion yen fro employment stability service, 126 billion yen for human resources development, 325 billion yen for short term subsidy (876 thousand workers per month, 65 thousand employers per month)
 - Change of the premium rate for unemployment benefits; 2% initially upon introduction of El system, 1% in 1975, 1.6 in 2003, 1.2% in 2010, 1.4% in 2012
 - Change of the premium rate for two services; 0.3% in 1975 on introduction of two services, 3.5% in 1978, 3% in 2007, 3.5% in 2010

[Q & A]

- Why self-owned employed and agriculture workers are not covered by EI system?
 - ⇒EI system is to stabilize workers' living and employment, the target is workers employed by employer. The self-employed workers as well as agriculture workers are not employed, so they are not covered by EI scheme.
- What is involuntary separation?
 - ⇒mainly separation by dismissal caused by bankrupt or unavoidable restructure. In Japan, dismissal is strictly regulated by law.
- How the premium rate is decided
 - ⇒through dialogue in council by government, employees and employers, government decide with consideration of the amount of reserved fund and economic situation as well as public comment.
- How the amount of national treasury contribution is decided
 - ⇒by forecast on the next year's budget
 - ⇒under recession, the ratio is reduced to 13.75% (55% of contribution originally designated as 25%)
- How support sufferers by natural disasters
 - ⇒extension of benefits in EI system and other employment security measures
- Worker dispatching: (provided with copy of concerned law)

Session 4 Vocational training and Skills development by Mr. Hirotake lida, Deputy Director, Planning Div., Planning Dept., JEED

- Organization to conduct public vocational training; (refer to attached)
- Development of nationwide public vocational training and the performance; (refer to attached)
- Cooperation between employment security administration and public vocational training; Labour bureau in each prefecture and Hello Work provides referential data on job-offering with public vocational institutions and participate to make an annual plan for public vocational training for job-seekers. Also application for public vocational training for job-seekers needs approval or

recommendation of hello Work, and cooperates to conduct training from application to follow-up

Session 5 Organization and the Roles of Public Employment Security Office (Hello Work) By Mr. Tadao Mizutani, former Director of Hello Work Office

- Organization of employment security administration; Ministry of Health, Labour and Welfare Labour bureau (47) Hello work (545)
- Organization and the task in Hello Work; general affairs section, El section, employment consultation section for job-seekers, employment consultation for special persons such as the elderly, the disabled, foreigner, and school graduate), employment management section
- Mission & task of Hello Work: job placement, guidance on employment management, and application & payment of unemployment benefits
- Channel for job placement in labour market; 23.6% by Hello Work, 28.1% by recruitment advertising by paper, 25.4% by personal introduction, 2.1% by job placement agency
- Job placement services fro employer; accepting job-offers, visiting companies to get job offers, giving advice on recruiting plans and employment management, follow-up of job offers, providing job-offers on HW-online and internet nationwide
- Job placement services for job-seekers; job guidance, job consultation (choosing job, preparation of application and job interview, solving individual issues), taking public vocational training, providing job information by HW-online nationwide
- Guidance on employment management; especially for the disabled and the elderly.
- Employment rate of the disabled; employer employing more than 200 employees must hire more than 1.8% of the disabled out of total regular employees.
- Continues employment of the elderly after the age of retirement until the age of 65
- Number of staffs in Hello Work: 10 thousands of regular staff and 20 thousands of non-regular staff
- Staff training; nation-wade course at labour Academy and regional course for regular staff, regional training course for non-regular staff

[Q & A]

- Any collaboration with private agency
 - ⇒ in cases, entrusts employment consultation to private agency
- Difference between regular staff and non-regular staff
 - ⇒same in responsibility, but not same in promotion and employment conditions
- Staff training
 - ⇒every staff including non-regular staff should take training every 7-8 years by the responsibility

Session 6 Field Visit to Public Employment Security Office "Hello Work Kawasaki"

- Overall condition in Kawasaki Hello Work: location, industry, population in the jurisdiction; 2nd Largest in Kanagawa prefecture with more than 110 staffs, 6.47 million residents within Kawasaki Hello Work's jurisdiction, manufacturing, construction and wholesales & retail as main industry, SME employing less than 30 employees accounting 90% out of total businesses, located in Keihin Industry Area accumulated heavy industry, 700-800 persons per day coming, job-opening to jobapplication rate 0.4 to 0.5,
- Services for job-seekers; registration as job-seeker, certifying qualified unemployment beneficiary, recognition of unemployment beneficiary, employment support services (man-to-man consultation, application for public vocational training, job introduction and its follow-up
- Observation in Hello Work: each section and its service
- Management of EI; to prevent false application (as below)
- Nursing job fair; 5 companies to 30 applicants

[Q & A]

- How to prevent false application

- ⇒firstly a inspector in Hello Work checks up and keep a record, and then Labour Market Centre under MHLW cross-check the data. False application is found at these processes, and the applicant should be imposed a penalty
- Jurisdictional area between Hello Works
 - ⇒Hello Works are on a network. So user can access Hello Work's services nation-wide.

Key messages from the presentations

Session 1	Mr. Masayuki Nomiyama	 Modification of labour policy according to changes of society and economy Collaboration within labour administration, and between relevant administrations Comprehensive employment policy 	
Session 2-3	Mr. Kiichiro Yoshimura	- Framework of Employment Insurance System - Challenges to respond to various issues by EI system	
Session 4	Mr. Hirotake lida	 Public vocational training to support for job-seekers Collaboration with Hello Work to provide job-seekers with vocational training with job-seekers 	
Session 5	Mr. Tadao Mizutani	- Challenge to support job-seekers - Challenge to create job opportunity by Hello Work	
Session 6	Hello Work Kawasaki	Proper operation of unemployment benefitsEffective and functioning system to support job-seekers	

The set of handouts distributed during the study visit will posted on the GESS platform: www.social-protection.org

Analysis of the Evaluation Surveys

According to the result of questionnaire as attached, it seems that participants are almost satisfied with the acquirement from the study visit in Japan.

As for the contexture, the contents of Employment Insurance overlapped in session 1 and session 2. Also, detailed contents of insurance and of two services may be not necessary at the present stage for participants. With taking that into account, though three participants answered that the duration should be extended, it was just as well.

Lessons learnt regarding the organizational arrangements

The study visit was conducted timely for the three countries: Malaysia is debating on the structure, programmes and parameters to include in the design of their scheme; Viet Nam is considering a major change of scope of its scheme by focusing more largely on re-employment policies and preventive measures against unemployment; Thailand learnt from Japan's experience how the UI scheme can also fulfil a function of in time of natural disaster.

Although, the EI system in Japan is quite advanced and complex, participants will take back home some specific practices which could be adapted to their county's situation. As regarding curriculum coordination, because participants' countries are on the way to prepare or finalize the employment insurance system, some contents such as session 2 and session 4 were too meticulous for them as

indicated in the result of questionnaire. Also, it will be better to have a brief introduction on Japanese society such as labour ethics, current situation regarding to labour market, and major issues before technical matter. Furthermore, as EI system is closely-linked to other social security systems as a social safety-net, it is better to introduce overall social security system in Japan.

As regarding logistics and accommodation arrangement, participants were satisfied with their stay in Tokyo.

Acknowledgments

We hereby express our sincere appreciation to ILO. You gave us a great opportunity to get acquainted with government staff in charge of employment security from ASEAN countries as well as ILO staff. Their diligent and sincere manner left a belief that we shall live and work together for future in this global age.

We wish they will take an active role and their ideal to support people will come true well. Lastly we would like express our sincere respect for your effort to realize the study visit despite the water flush in Bangkok.

<u>Annex I</u>

Agenda

Date	Time	Theme	Content	Resource person Institution	Venue
8 November	9:30-12:00	Session 1 Overview of Japanese Employment Insurance Scheme and operational arrangements	 Enforcement and modification of Unemployment Insurance scheme according to historical change of society, economy and labor market Overview of Employment Insurance scheme (Unemployment benefits, Two services and contribution) Characteristics of Japanese Employment Insurance scheme in comparison with Thai scheme. Suggestion on employment security policy Questions and answers 	Mr. Masayuki Nomiyama, former Director General, MoHLW	Meeting Room in Tokyo Dome Hotel
	14:00-15:30	Session 2 Services provided by EI scheme	 Unemployment Benefits (Cash transfer benefits, Skills development, Employment promotion, Continuous employment) Assistance to support unemployed people not covered by El scheme Two services to retain employment (more directed towards Employers) and to provide skills development opportunities covered under El scheme 	Mr. Kiichiro Yoshimura Deputy Director of Employment	Meeting Room in MHLW
	15:40-17:10	Session 3 Employment Insurance Scheme in the context of current and anticipated challenges	 Financial crisis Earthquake and tsunami Financial instability for two services National treasury contribution Temporary workers Aging population Youth unemployment Questions and answers 	Insurance Div., Employment Security Bureau, MoHLW	11 1011 12 0

Date	Time	Theme	Content	Resource person / Institution	Venue	
9 November	9:35-10:55	Session 4 Vocational training and skills development	 Overview of public vocational training Challenges to develop vocational abilities for job-seekers Collaboration between public vocational training institution and PESO 	Mr. Hirotake lida Deputy Director of Planning Div., Planning Department, JEED	Meeting room	
	11:10-12:05	Session 5 Organization and the roles of Public Employment Security Office (Hello Work)	 Hello Work's position and mission in employment security administration Services for job placement in Hello Work Organization and staff of Hello Work 	Mr. Tadao Mizutani former Director of Hello Work Shinjuku, Tokyo Labor Bureau, MoHLW	Tokyo Dome Hotel	
	14:25-16:30	Session 6 Field visit to Public Employment Security Office (In-site study)	 Current labor market's situation in jurisdiction of Hello Work Kawasaki Ppractical issues related on the unemployment benefit and job placement (Question and Answer) Procedure of services provided for job-seekers Job placement services in Hello Work Activities to get more job-opening information 	Mr. Nishi Director of Kawasaki Hello Work	Hello Work Kawasaki	
	16:40-17:10	Session 7 Summary and Conclusion	Acquaintance through the study visit by each one Answer a questionnaire	Ms. Celine Peyron Bista	Meeting room in Kawasaki Hello Work *	

<u>Annex II</u>

List of Resource Persons

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Annex III

Result of Questionnaire

(1) Most interesting session

The three most interesting sessions for the participants are Session 1 (Overview of Japanese Employment Insurance Scheme and Operational Arrangement), Session 5 (Organization and the Roles of Public Employment Security Office "Hello Work", and Session 6 (Field Visit to Public Employment Security Office "Hello Work Kawasaki".

(2) Least interesting session

The two least interesting sessions are Session 2 (Services provided by EI scheme) and Session 4 (Vocational Training and Skills Development).

(3) Aspect of the EI scheme in Japan relevant to discuss in each country

(Thailand)

- Benefit functions to make equitable and utilize for all workers
- New method for more service

(Malaysia)

- Unemployment benefits and support service system
- Whole framework of the UI system needs to be discussed with top management of SSO (Viet Nam)
 - Employment law
 - Service Centre to implement the policy
 - Insured person covered by the EI system

(4) Relevancy to participants' own responsibilities

All of the participants answered "YES".

(5) Preparation and logistic arrangement

The answers were equally divided into "Excellent" and "Satisfactory".

(6) The schedule arrangement

The answers were equally divided into "Excellent" and "Satisfactory".

(7) Overall quality

All of the participants answered "Excellent".

(8) Suggestions

Three participants suggested that the duration of the study visit should be extended to 3 or 4 days. Two participants from Thailand would like to have more information in the distributed material.

Annex IV

Overseas Vocational Training Association

We OVTA had established in November 9, 1982 with the cooperation of both the public and private sectors. And we aim to aid businesses in human resources development to respond to globalization, while contributing to international society in human resources development.

Establishment November 9, 1982

Representative Mr. Isao Aoki, President

Supervisory Authority Ministry of Health, Labour and Wealth

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History

1982 Establishment

1983 Started HRD supporting programs for overseas assignment under

trustee agreement with MHLW (terminated in 2009)

1984 Started training programs for foreigner

1985 Started International cooperation programs in HRD under trustee

agreement with MHLW (terminated in 2009)

(APSDEP/SKILLS-AP, APEC, ASEAN)

1995 Started international development projects by JICA as a consultant

Main Activities - Assistance for Overseas Vocational Training

- Seminar, consultation and information services for those who are in

charge of overseas assignment

- Custom-made training or seminar for foreigners and Japanese
