

# Policy design of unemployment benefits in Myanmar - Social Security Law 2012 and Social Security Rules 2014

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# Legal and policy frameworks of social security system

## ▶ Legal frameworks

- ▶ Employment and Skills Development Law, 2013
- ▶ Social Security Law, 2012
- ▶ Social Security Rule, 2014, Number 41/2014
- ▶ Minimum Wage Law, 2013
- ▶ Minimum Wage Notification, Number 2/2015
- ▶ Minimum Wage Notification, Number 1/2018
- ▶ Payment of Wage Law, 2018
- ▶ Labour Organization Law, 2011

## Account, system, fund and benefit

Account	System/Fund	Benefit	Status
<b>Social Security Fund Account</b>	Health and Social Care Fund	Medical care	Implemented
		Sickness benefit	Implemented
		Maternity benefit	Implemented
		Funeral benefit	?
	Family Assistance Fund	Family benefit <sup>1</sup>	Not implemented
	Invalidity, Old-age and Survivors' Benefit Fund	Invalidity benefit	Not implemented
		Old-age benefit	Not implemented
		Survivors' benefit	Not implemented
	Unemployment Benefit Fund	(Medical care) <sup>2</sup>	Not implemented
Unemployment benefit		Not implemented	
Social Security Housing Plan Fund	Housing plan	Not implemented	
Other mandatory or voluntary fund	Other benefit	n.a.	
<b>Employment Injury Benefit Fund Account</b>	Employment Injury Benefit Fund	Medical care, rehabilitation, support for return to work	Implemented
		Temporary disability benefit	Implemented
		Permanent disability benefit	Implemented
		Survivors' benefit	Implemented
<b>Administrative Account</b>	Administrative Fund	n.a.	n.a.

## Legal coverage

Selected categories of workers		Health, sickness, maternity, family	Invalidity, old-age, survivors	Unemployment	Housing, others
Wage worker	Private enterprises	M	M	M	V
	Private enterprises in seasonal farming and fishery	V	V	V	V
	Construction workers with shorter employment contract than one year	V	V	V	V
	Public enterprises except for civil servants	M	M	M	V
	Others (Diplomatic missions, non-profit organization)	V	V	V	V
Civil servants	Government agencies	M	V	X	V
Non-wage worker (Own account worker, contributing family worker, other self-employed)		V	V	V	V
Others (Students, Burmese migrant workers abroad)		V	V	V	V

## Time-limits of filing claims

Cash benefit	Time-limits
Sickness benefit	3 months from the expiry of the leave period mentioned in the medical certificate
Maternity benefit	3 months from the expiry of the leave period mentioned in the medical certificate
Funeral benefit	3 months from the death of the insured
Family benefit	3 months from the commencement of the relevant academic year for educational allowance 3 months from the occurrence of natural disaster
Invalidity benefit	One year from the day of issue of medical certificate
Old-age benefit	One year from the day of reaching at pensionable age
Survivors' benefit	One year from the day of death of the insured
Unemployment benefit	1 month from the day of employment termination
Housing plan	?
Temporary disability benefit owing to employment injury	3 months from the expiry of the period of disability to work according to the medical certificate
Permanent disability benefit owing to employment injury	One year from the day of accident of the insured or from the day of termination of temporary disability benefit
Survivors' benefit owing to employment injury	One year from the day of death of the insured

## ► Composition of insurable earnings

Payee	Category of payment	
Employer	Basic wage	O
	Subsistence allowance	O
	Overtime wage	O
	Allowance for accommodation, meal, electricity, water, taxes and other monthly allowance	O
	Reimbursement for work-related expenditure and travel allowances	X
	Sickness, maternity, temporary disability, permanent disability and unemployment benefit	X
	Other occasional allowance paid by employers for service rewards, annual rewards, aids for religious and social festivals, and lay-off	X
	Compensation for dismissal and gratuities	X
	Pension and retirement gratuities	X
	Contribution to private corporate welfare funds for employees	X
Social Security Office	Sickness, maternity, temporary disability, permanent disability and unemployment benefit	X
	Social security cash benefits	X

## Minimum wage

Effective date	Minimum wage		Geographical coverage	Remarks
	Hourly	Daily (8 hours per day)		
1 September 2015 (Notification 2/2015)	450 kyats	3,600 kyats	Nationwide	15 or less employees
14 May 2018 (Notification 1/2018)	600 kyats	4,800 kyats	Nationwide	10 or less employees

## ► Contribution rate (% of earnings)

Fund	Modality	Worker	Employer	Total
Health and Social Care Fund <sup>1</sup>	Social insurance	2.0%-2.5%	2.0%-2.5%	4.0%-5.0%
Family Assistance Fund <sup>2</sup>	Social insurance	-	-	-
Invalidity, Old-age and Survivors' Benefit Fund	Social insurance	3.0%	3.0%	6.0%
Unemployment Benefit Fund	Social insurance	1.0%	1.0%	2.0%
Social Security Housing Plan Fund	Saving	25.0% or more	-	25.0% or more
Employment Injury Benefit Fund <sup>3</sup>	Social insurance	-	1.0%-1.5%	1.0%-1.5%
Total	n.a.	31.0%-31.5% or more	or 7.0%-8.0%	38.0%-39.5% or more
Total (excluding the housing plan fund)	n.a.	6.0%-6.5%	7.0%-8.0%	13.0%-14.5%





# Benefits for unemployed workers

## List of benefits for unemployed workers

- ▶ Basic benefit for unemployed workers
- ▶ Health care for unemployed workers
- ▶ Sickness benefit for unemployed workers
- ▶ Maternity benefit for unemployed workers
- ▶ Paternity benefit for unemployed workers
- ▶ Training for unemployed worker
- ▶ Funeral allowance for unemployed worker
- ▶ Withdrawal of the Invalidity, Old-age and Survivors' Benefit Fund due to voluntary resignation
- ▶ Withdrawal of the Invalidity, Old-age and Survivors' Benefit Fund due to involuntary unemployment
- ▶ Withdrawal from the Unemployment Benefit Fund due to voluntary resignation
- ▶ Withdrawal from the Social Security Housing Fund upon unemployment



# Basic benefit for unemployed workers

▶ See the later section

## Health care for unemployed workers

- ▶ The insured are entitled to health care and medical treatment during the entitled duration of unemployment benefits

## Sickness benefit for unemployed workers

Parameter	Employed worker	Unemployed worker
Base earnings	60 per cent of average monthly wage of last four months prior to becoming ill	60 per cent of average monthly wage of last four months prior to employment termination
Benefit duration	Subject to medical certificate up to 26 weeks	Subject to medical certificate up to the qualified duration of unemployment benefit (60 – 180 days)
Qualifying condition	Six months of employment and four months of contributions prior to becoming ill; reduction or suspension of income due to incapable to work	Four months of contributions prior to employment termination; incapable to search for job
Employer's recommendation	Required	Not required

## Maternity benefit for unemployed workers

Type of benefit	Benefit formula
Maternity leave (single)	14 weeks in total including six weeks before and a minimum of eight weeks after confinement
Maternity leave (twin)	18 weeks in total including six weeks before and a minimum of 12 weeks after confinement
Maternity leave (miscarriage)	12 weeks in total including six weeks before and no more than six weeks after miscarriage
Income replacement	70 per cent of average monthly wage of last 12 months prior to confinement
Maternity allowance	50 per cent of average monthly wage as maternity expenses for single delivery 70 per cent for twin delivery 100 per cent for triplet delivery and above in lump-sum

## Maternity benefit for unemployed workers

Parameter	Employed worker	Unemployed worker
Base earnings	Average wage prior to the month of child delivery	Average wage prior to the day of employment termination
Benefit duration	14 weeks in total including six weeks before and a minimum of eight weeks after confinement	14 weeks in total including six weeks before and a minimum of eight weeks after confinement within the qualified duration of unemployment benefit (60 – 180 days)
Qualifying condition	12 months of employment and six months of contributions prior to maternity leave	Six months of contributions prior to employment termination
Employer's recommendation	Required	Not required

## Paternity benefit for unemployed workers

Type of benefit	Insured male with insured wife	Insured male with uninsured wife
Paternity leave	15 days for infant care on confinement of his wife	15 days for infant care on confinement of his wife
Income replacement	70 per cent of average monthly wage of last 12 months prior to confinement	70 per cent of average monthly wage of last 12 months prior to confinement
Maternity allowance	No benefit	25 per cent of average monthly wage as maternity expenses for single delivery, 37.5 per cent for twin delivery and 50 per cent for triplet delivery and above in lump-sum

## Paternity benefit for unemployed workers

Parameter	Employed worker	Unemployed worker
Base earnings	Average wage prior to the month of child delivery	Average wage prior to the day of employment termination
Benefit duration	15 days for infant care on confinement of his wife	15 days for infant care on confinement of his wife within the qualified duration of unemployment benefit (60 – 180 days)
Qualifying condition	12 months of employment and six months of contributions prior to paternity leave	Six months of contributions prior to employment termination
Employer's recommendation	Required	Not required

## Training for unemployed workers

- ▶ The UIS beneficiaries are entitled to participate in trainings permitted by the SSB
- ▶ There are no further provisions in the SSL and the SSR
- ▶ Employment services and training for unemployed workers are regulated by the ESL.

## Paternity benefit for unemployed workers

Type of benefit	Benefit formula
Benefit formula	Average monthly wages or income of last four months x (Number of contributed months ÷ 18 + 1)
Maximum benefit	Five times of average monthly wages or income

## Funeral benefit for unemployed workers

Parameter	Employed worker	Unemployed worker
Benefit formula	Average monthly wages or income of last four months x (Number of contributed months ÷ 18 + 1)	Unemployment benefit per month x (Number of contributed months ÷ 18 + 1)
Maximum benefit	Five times of average monthly wages or income	Five times of unemployment benefit per month

## Withdrawal from the Invalidity, Old-age and Survivors' Benefit Fund upon voluntary resignation

Number of months paid for contributions	Worker's benefit	Employer's benefit
Below 36 months	No benefit	No benefit
36 months to 179 months	40% of worker's and employer's contributions + interests	25% of employer's contribution + interests (2% per annum)
180 months	12 times of average wage in instalment or lump-sum	25% of employer's contribution + interests (2% per annum)
181 months and above	12 times of average wage in instalment or lump-sum + additional benefit for excess contributions (the formula is not defined for the additional benefit)	25% of employer's contribution + interests (2% per annum)

## Withdrawal of the Invalidity, Old-age and Survivors' Benefit Fund due to involuntary unemployment

Number of months paid for contributions	Worker's benefit	Employer's benefit
Below 36 months	No benefit	No benefit
36 months and above	40% of worker's and employer's contributions + interests (the formula is not defined for the additional benefit)	25% of employer's contribution + interests (2% per annum)

## Withdrawal from the Unemployment Benefit Fund due to voluntary resignation

Number of months paid for contributions	Worker's benefit	Employer's benefit
Below 36 months	No benefit	No benefit
36 months and above	100% of worker's contributions + interests	100% of employer's contribution + interests

## ► **Withdrawal from the Social Security Housing Fund upon unemployment**

- The insured are allowed to withdraw all contributions paid to the Social Security Housing Fund when they become unemployed either due to voluntary resignation or dismissal as well as when they receive old-age benefit, become invalidity or permanent disability due to employment injury, or die



# Policy design of basic benefit for unemployed workers



# Coverage

- ▶ As discussed earlier

## Benefit formula

Number of dependents	Replacement for single person	Replacement rate for married person
0	50%	n.a.
1	n.a.	55%?
2	n.a.	
3	n.a.	
4...	n.a.	



# Insurable earnings

- ▶ As discussed earlier

## Benefit duration

Required months of contributions	Maximum duration of benefit
36 to 47 months	60 days
48 to 59 months	90 days
60 to 71 months	120 days
72 to 83 months	150 days
84 and over contribution months	180 days

## Subsequent claims

Benefit	Required months of contributions
Basic benefit	Subsequent claims allowed only after contributing for another 36 months
Health care	No additional contribution required?
Sickness benefit	No additional contribution required?
Maternity benefit	No additional contribution required?
Paternity benefit	No additional contribution required?
Training	No additional contribution required?
Funeral benefit	No additional contribution required?

## Continuation of benefits

### Conditions for terminating the payment of unemployment benefits

Refused jobs introduced by the Labour Exchange Offices or the Social Security Offices without good reasons

Refused training course by the SSB without good reasons

Employed

convicted with imprisonment for criminal offences under any criminal laws

Leaving abroad for good or for work

Ill health, in capable to work or unwilling to work



## Waiting period

- ▶ Not regulated

## Relation with severance pay (1)

- ▶ Employers are allowed to deduct the amount of unemployment benefit from monies on separation according to the labour laws or employment agreement

## Relation with severance pay (2)

Duration of employment	Amount of severance pay
6 to 11 months	0.5 months
12 to 23 months	1.0 month
24 to 35 months	1.5 months
36 to 47 months	3.0 months
48 to 71 months	4.0 months
72 to 95 months	5.0 months
96 to 119 months	6.0 months
120 to 239 months	8.0 months
240 to 299 months	10.0 months
300 months and over	13.0 months

## Relation with severance pay (3)

Indicator	Severance pay	Unemployment benefit
Duration of employment		
6 to 11 months	0.5 months	-
12 to 23 months	1.0 month	-
24 to 35 months	1.5 months	-
36 to 47 months	3.0 months	2.0 months
48 to 59 months	4.0 months	3.0 months
60 to 71 months	4.0 months	4.0 months
72 to 83 months	5.0 months	5.0 months
84 to 95 months	5.0 months	6.0 months
96 to 119 months	6.0 months	6.0 months
120 to 239 months	8.0 months	6.0 months
240 to 299 months	10.0 months	6.0 months
300 months and over	13.0 months	6.0 months
Formula		
	Last wage	50% of 12 month average wage
Base wage		
	Wage excluding overtime	Insurable earnings defined by SSL
Consecutive employment		
	Yes	No
Treatment of voluntary resignation		
	No entitlement	No entitlement

## Relation with other social security benefits

- ▶ As discussed earlier
- ▶ Workers cannot receive unemployment, sickness and maternity benefit, and temporary disability benefits due to employment injury at the same time

## Financing modality (1)

Benefits for unemployment benefit recipients	Source of funding
Basic benefit	Unemployment Benefit Fund
Health care	Health and Social Care Fund
Sickness benefit	Health and Social Care Fund
Maternity benefit	Health and Social Care Fund
Paternity benefit	Health and Social Care Fund
Training	Skills Development Fund?
Funeral benefit	Health and Social Care Fund
Withdrawal of the Invalidity, Old-age and Survivors' Benefit Fund	Invalidity, Old-age and Survivors' Benefit Fund
Withdrawal of the Unemployment Benefit Fund	Unemployment Benefit Fund
Withdrawal of the Social Security Housing Fund	Social Security Housing Fund

## Financing modality (2)

Benefit	Worker <sup>1</sup>	Employer <sup>1</sup>	Government	Total
Unemployment Benefit Fund	1.0%	1.0%	-	2.0%
Skills Development Fund	-	0.5% <sup>2</sup>	-	0.5%
Employment services	-	-	All costs	-

## Key parameters of unemployment insurance system (basic benefit) (1)

Parameters	Status quo
<b>Coverage</b>	<p>Mandatory: All wage workers at private and public enterprises except for the followings</p> <p>Voluntary: Employees at private enterprises in seasonal farming and fishery; construction workers with shorter employment contract than one year; workers of diplomatic mission or non-profit organization; employees of small enterprises that hire less than xxx; non-wage workers; students; persons who are away from the worksite; housemaids; Burmese migrant workers abroad; business owner; collective business; professional business; and farmers</p> <p>No coverage: Civil servants</p>
<b>Benefit formula</b>	<p>Single: 50% of average monthly wage of last 12 months prior to unemployment</p> <p>Married: 55% of average monthly wage of last 12 months prior to unemployment</p>
<b>Minimum benefit</b>	Not regulated
<b>Indexation of minimum benefit</b>	n.a.
<b>Re-employment allowance</b>	Not regulated
<b>Benefit duration</b>	<p>36 to 47 months contribution for 60 days</p> <p>48 to 59 months contribution for 90 days</p> <p>60 to 71 months contribution for 120 days</p> <p>72 to 83 months contribution for 150 days</p> <p>84 and over contribution months for 180 days</p>

## Key parameters of unemployment insurance system (basic benefit) (2)

Parameters	Status quo
<b>Composition of insurable earnings</b>	<p>Inclusion: Basic wage; subsistence allowance; overtime wage; and allowance for accommodation, meal, electricity, water, taxes and other monthly allowance</p> <p>Exclusion: Reimbursement for work-related expenditure and travel allowances; sickness, maternity, temporary disability, permanent disability and unemployment benefit</p> <p>other occasional allowance paid by employers for service rewards, annual rewards, aids for religious and social festivals, and lay-off; compensation for dismissal and gratuities; pension and retirement gratuities; contribution to private corporate welfare funds for employees; sickness, maternity, temporary disability, permanent disability and unemployment benefit; and social security cash benefits</p>
<b>Maximum insurable earning for benefits and contributions</b>	Not regulated
<b>Indexation of maximum insurable earnings for benefits and contributions</b>	n.a.
<b>Contribution requirements</b>	36 months
<b>Voluntary unemployment</b>	No benefit
<b>Continuation of benefits</b>	Refused jobs introduced by the Labour Exchange Offices or the Social Security Offices without good reasons; refused training course by the SSB without good reasons; employed convicted with imprisonment for criminal offences under any criminal laws; leaving abroad for good or for work; and ill health, in capable to work or unwilling to work

## Key parameters of unemployment insurance system (basic benefit) (3)

Parameters	Status quo
Consequences of job or training refusals	Termination of benefit
Non-compensable waiting period	Not regulated
Relation with severance pay	Employers are allowed to deduct the amount of unemployment benefit from monies on separation according to the labour laws or employment agreement
Financing modality	2% of monthly wage of insured workers, shared equally between employer and worker
Subsequent or repeat claims	<p>General rule: Workers maintain their remaining entitled months for their future unemployment spells if they find jobs before exhausting their entitlements. Once the insured exhaust all their entitled months, they would have to contribute for 36 months to obtain the minimum entitlement.</p> <p>Rules for workers who return to the same establishment: Subsequent claims allowed only after contributing for another 36 months</p>
Other earnings	Workers cannot receive unemployment, sickness and maternity benefit, and temporary disability benefits due to employment injury at the same time
Actuarial review	Not regulated

# ▶ THANK YOU

This presentation has been prepared by Ippei Tsuruga. Please contact Ippei Tsuruga ([tsuruga@ilo.org](mailto:tsuruga@ilo.org)) for more details.

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