

**Comparative Analysis of Employment Injury
Insurance (EII) and Employment Insurance
(EI) in Asia and the Pacific region**

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Executive Summary

ILO has set out the minimum standards for social security in its convention No. 102 in which Employment Insurance (EI) and Employment Injury insurance (EII) are included along with other security branches. Despite being acknowledged by international instruments such as the mentioned convention, the recognition of the schemes does not seem widespread in Asia and the Pacific region.

Being introduced in Asia as one of the first social insurance branches, EII is still very much in a lukewarm stage as it fails to cover the majority of the labour force in the region. As for EI, the situation is even worse considering even fewer countries in the region implement this scheme, with many in just a starting stage.

Nevertheless, the time has come when most countries started to recognize the urgent importance of the two schemes. As countries in this region have been encountering economic crises in the last two decades, in particular, the one in 1997, it turn out that countries with better equipped schemes, especially with EI, dealt much better with the economically-adverse effect. Besides, during a dormant stage of economy, EI and EII, while they are stabilizing the employment and ensuring workers' rights, they indirectly help countries decrease poverty.

Seeing the significance of both schemes, while realizing how underdeveloped both schemes are in this region. The paper has selected 5 countries for EI and 10 countries for EII, in order to make a serious performance analyses. As it has not been done before, this analysis aims to be the first to provide the basis of EI and EII knowledge, in the hope that in the sooner, rather than later, future, EI and EII systems in the region will be more effective.

Introduction

The need to establish Employment Insurance (EI) and Employment Injury Insurance (EII) in each country is immense. Both of the schemes have played such important roles in present economic climate, which is based on globalization.

Employment Injury Insurance (EII)'s importance has been growing since the first industrialization. To date, more and more jobs require the use of technologies and machines, which is one but not the only factor, that contributes to more cases of work injuries. On one hand, EII ensure injured workers they will receive medical remedies and supports without risking to lose a lump sum of their savings at once, on the other hand, it helps lessen the stress of the employers, for the liability they might have to face, if not for EII.

Employment Insurance (EI)¹ is being rediscovered as institutionalized societal stabilizer for considered preparation for the post-crisis future². Past crises show that countries without EI scheme suffer most from increasing open and hidden unemployment. And any ad hoc scheme invented to fight the adverse effect of the crises tended to fail miserably, as it lacked the required structure and ready-to-use function to fight of the crisis.

Concerning the importance of both EI and EII, countries in Asia and the Pacific region have implemented and enforced the schemes since the midst of the last century. In this paper, the focused countries are all in Asia and the Pacific region comprising of 10 countries for EII and 5 countries for EI. It is noted that EI has been implemented in fewer countries.

It appears, however, there is still an effective challenge regarding the current EI and EII schemes in Asia and the Pacific. For instance, the legal coverage of both schemes is still limited to small groups of employee. Accordingly an upgrade must be made to EII and EI in this region. This means specialists have started to research the documents concerning the upgrading and it led to the discovery that there is not an existing performance analysis of the schemes in the region of Asia and the Pacific.

¹ It is noted that Employment Insurance can be known as Unemployment Insurance in some countries.

² Scholz, Bonnet and Ehmka (2009)

The non-existence of the performance analysis hinders developments of the EI and EII. To begin with, an assessment of performances cannot be conducted. Thus, there is no comparison to which countries have better performance, so that the worse ones could learn from the best ones. Furthermore, countries are not informed to which aspects of their performance i.e. coverage, benefit, finance and administration, should be improved. This results in country keeping in their ineffective performances.

Propose of the Study

Understanding the importance of deep analysis towards the upgrading of EI and EII in the region of Asia and the Pacific, in improving the schemes, this paper aims to produce a comparison of EI and EII performances between selected countries as followings

For EI: China, India, Mongolia, Thailand and Vietnam

For EII: Cambodia, China, India, Indonesia, Lao PDR, Malaysia, Mongolia, the Philippines, Thailand and Vietnam

The four areas of performances that the comparative analysis will be based on are; coverage, benefit, finance and administration.

The study on performance analysis of EI and EII also has a set of operational objectives:

1. Comparatively identify EI and EII programs in target countries in four main aspects;
2. comparatively analyze the performance of EI and EII in the selected countries in four main areas;
3. Categorize the target countries according to its performance for EI and EII.

Those mentioned above are only a set of short-term objectives, but for the longer run this study also benefits in a regional knowledge base of EII and EI performance in target countries of Asia and the Pacific region led mid- to long-term plans for the extension of social security in ILO Decent Work Agenda.

Methodology

In order to conduct comparative analysis of performance of EI and EII, both of the qualitative and quantitative analysis is considered. Regarding qualitative analysis, data and information is retrieved from many sources: online documents, country's report and online sources.

The aim of qualitative part is to provide basic knowledge of EI and EII in the selected countries categorized into four main aspects: coverage, benefits, finance and administration. Concerning quantitative part of performance analysis of EI and EII, statistical data of the schemes are used as indicators for the comparative analysis. The main sources of data used in this part are:

- 1) ILO Social Security Inquiry (SSI);
- 2) Labour database (LABOURSTA);
- 3) Most updated countries' reports;³
- 4) National social security scheme' websites;
- 5) Other reliable documents.

Indicators used in the quantitative part are a set of ILO Performance Indicators (PIS) of Statutory Social Insurance Schemes. The PIS is a new quantitative tool by the Social Security Department, International Labour organization (ILO). It aims at measuring and monitoring the operational efficiency and effectiveness of mandatory social insurance schemes, focusing on personal coverage, protection level and the financial sustainability of the social security fund. Consequently, the PIS is a new tool and it is not globally used yet. Currently, the Bureau of Medical Insurance of Hunan, the partner of the assessment of the ILO PIS decided to test and evaluate its feasibility before its application worldwide. It is found that the PIS are applicable and feasible in China.

³ The countries' reports mentioned here is referred to the reports that participants provide in the ILO-KOREA Fellowship Training on Workman Compensation in Seoul, the Republic of Korea. The reports are available at http://www.kcomwel.or.kr/eng/asia/publ_idx.jsp

However, not all PIS indicators could be used for this analysis as there is a lack of data. Thus, in the following chapters, there are only five main indicators used in three main aspects: coverage, benefits, finance. Those indicators are actual coverage rate, effective coverage rate, replacement rate, demographic ratio and ratio of benefit expenditure to contribution income. Due to the lack of needed data for calculating administration PIS, this aspect is neglected in the quantitative part.

Structure of this study

The paper is organized as followings:

Chapter 1: Literature review

Chapter 2: Comparative Analysis of Employment Insurance (Unemployment Insurance)

Chapter 3: Comparative Analysis of Employment Injury Insurance (EII)

Chapter 4: Conclusion

Reference

Annex

Chapter 1: Literature Review

Realizing the inadequacy of performance analyses of EI and EII, as, without disregarding the existing papers studied of the schemes; this literature review aims to provide the summary of the existing knowledge retrieved from previous papers. It then provides the basic knowledge of EI and EII for this paper to further its study on.

The summary of previous knowledge could be categorized into four submissions as follows,

Submission 1: Performance Analysis of EI and EII in target countries in Asia and the Pacific is absent

Submission 2: The recognition of the importance of improving performances of EI and EII are on the rise

Submission 3: The general obstacles of implementation and extension of the coverage of EI and EII that exist in the region

Submission 4: The Similarities and differences of EI and UI

Details of each submission are discussed as follows.

Submission 1: Performance Analysis of EI and EII in target countries in Asia and the Pacific is absent.

The argument suggests the absence of EI and EII performance analyses between target countries in the region. Previous and current papers do not provide the reason for why there is still a lack of EI and EII comparative analysis. It has been speculated that it may be given to the fact that EI and EII share smaller number of beneficiaries, comparing to those of other schemes such as old-age pension and health care. Thus, it can be concluded that there is an imbalance in focus when it comes to the analyses of social security branches.

Some might want to disagree with the above paragraph, since there are already available comparative studies of EI and EII e.g. Draft of Employment Injury Insurance in

Asia⁴ and the World Security Report 2010- 2011 Providing Coverage in Time of Crisis and Beyond⁵. The former paper paved the way for the studies of comparative analysis of EII in the region providing that Chapter 4 of this paper. Nevertheless, the comparison is based on regional-conclusion point of view since in one of his conclusions there was no real correlation between GDP per capita and the implementation of EII in this region.

As for the World Security Report 2010-2011, the chapter provided for EI and EII are more concerned with “big picture” or in other words global analysis by, for example, comparing the coverage of EII and EI between high-income countries, middle-income countries and low-income countries. Accordingly, the analysis on the World Security Report is not sufficient to compare performances of the EI and EII in target countries in Asia and the Pacific. Thus, this paper needs to be conducted.

Concerning the lack of performance analysis, data collecting is another aspect to be considered. Suffice to say that data collection is one of the most important processes in any social security analysis. It should be contemplated whether data collection system of EI and EII schemes are effectively carried out. It appears that no paper has studied this assumption before. Nevertheless, it arises that collecting social security-related data is generally not an easy task. A classic example is from a statement by the ILO suggesting that *“between 70 and 80 percent of the global population lie in a state of more or less severe social security” i.e. have no access to formal social security*⁶. It emerges that this particular statement does not actually base on exact data evidence, thus it is only a “guestimate” In Annycke’s paper, he argued that better data collection and information system are necessary to improve knowledge on social security coverage.⁷

Submission 2: The recognition of the importance of improving performances of EI and EII are on the rise

⁴ Yamabana and Nam (2008). The paper was written by Hiroshi Yamabana and Nam, Jung Kyu. Yamabana is the former Social Security Officer of ILO Sub-regional Office for East Asia but he is now working as a Social Security Actuary of ILO Social Security Dept., Geneva.

⁵ Scholz, Bonnet and Ehmka (2009), World Social Security Report (2010)

⁶ Scholz, Bonnet and Ehmka (2009)

⁷ Annycke (2009)

The recent crises can be regarded as a factor that helps raise the awareness of the importance of EI and EII. In 1997 target countries of this region had all faced with economic downturn resulting in big national financial loss.

As far as EI is concerned, existing papers all pointed the same way that EI as a scheme can be, in fact, a great tool to respond to the economic crises. Countries that had implemented EI during the crisis period, such as Korea, could easily make use of, adjust or upscale the existing rules in order to respond appropriately and in a timely fashion.⁸

The above paragraph suggested that an effective EI system prepare countries for the future economic downturns, thus, the higher recognition of the importance of improving performances, and extending the scheme.

As for EII, the schemes are ensuring that employees are guaranteed with treatments and benefits when injury concerning works occurs. Thus employees will not need to risk paying big sum of money with serious injuries or diseases. Employers also benefit from the schemes by not having to risk being solely liable for the injury that happen to the employees, which could result in the bankruptcy of the companies.

Submission 3: The general obstacles of implementation and extension of the coverage of EI and EII that exist in the region.

These are underlying obstacles that exist in the target countries of this paper for the upgrading of EI and EII.

- 1) The Informal Economy Challenge
- 2) Demographical Challenges
- 3) Political and Historical Challenges
- 4) GDP Challenge

The discussions of the four points made are discussed below

1) The Informal Economy Challenge

⁸ Scholz, Bonnet and Ehmka (2009)

After the industrialization, there had been a speculation that high proportion of workers from the middle- and low-income countries would move to work in the formal economy

i.e. factories, enterprises and etc. Thus, the EI and EII scheme were designed heavily in favour of the formal economy⁹

That assumption however does not hold true, as the majority of workers in the middle- and low-income countries, nowadays, are still in the informal economy¹⁰. For instance, formal employment in India is counted only at 7% out of the economically active population.¹¹ In fact statistics showed that the number of employment in the informal economy is actually growing in the region.

Target countries in this paper, which consist of middle- and low-income countries, are not exceptions. Thus, the EI and EII systems that are designed mainly for formal economy fail rather miserably in this region. Accordingly, it is a challenge for countries with predominantly informal employment, not limited the target countries in this paper, to try to adjust the schemes so that it include as many labour forces as possible.

2) Demographical Challenges

The most significantly demographical challenges that concern the target countries are the population and the size of countries. China, India and Indonesia are among the countries with the largest population in the world, while the Philippines, Thailand and Vietnam all rank in the top 20 most populated countries list.¹² As for the size, China, India and Indonesia are considered very large countries. Thus, it shows that this region has to embody both being highly populated and large in size at the same time. This combination is a real challenge of extending and implementing the schemes. For

⁹ Lee (2005)

¹⁰ See <http://stats.oecd.org/glossary/detail.asp?ID=1350>. The informal sector is broadly characterised as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and- on a small scale. Labour relations - where they exist - are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.

¹² U.S. Census Bureau International Data Base.

example, in India and China, the EI and EII coverage are not available to the whole area of the countries due to its size. And the higher population means that officials have to work harder regarding the registration of labour force, and data collection.

Furthermore the majority of the working population in the target countries are still in the agricultural sector, which attributes to the informal sector challenge as well.

3) Political and Historical Challenges

Political stability means that governments and legislators are capable to work fully during their terms. It is often not that case for the countries in Asia and the Pacific. For instance; Thailand has had 17 constitutions so far, reflecting a high degree of political instability.

China and Cambodia's politics are predominantly discussed in most papers regarding their political influence on implementation of EI and EII schemes. The Genocide regime in Cambodia had put the implementation of EII on hold for about half a century¹³. For China, Its restricted socialist system, in the past prevented it from understanding the need of EI – as to why a socialist country would need an unemployment benefits anyway when no one was unemployed.

4) GDP Challenge

Yamabana (2008) has offered his EII analysis in relation to the GDP per capita in the target countries in Asia and the Pacific, as followings,

There is a trend that the countries with higher GDP per capita will likely have a more extensive coverage for EII. Though, given the earlier statement, he has also concluded in his analysis that there is no correlation between GDP per capita and the implementation of the EII scheme. Therefore, GDP per capita should not be an excuse for a country not to start the scheme.

Regarding EI, there is no study found, on it in relation to GDP per capita.

¹³ Social Security was introduced in Cambodia in 1955 but because the emergence of genocide regime everything was stopped. Now Cambodia has implemented its first EII in 2008, more than 50 years later.

Submission 4: The Similarities and difference of EI and UI

Unemployment Insurance (UI) and Employment Insurance (EI) are almost similar. The reason behind the change of name is considered a gimmick that gives a more positive light to its subject.

If there is to be a difference to be made between the two, it must be their focuses. While traditional unemployment insurance (UI) system concentrates only on remedial measures in post-factum by giving cash benefits to the unemployed, employment insurance (EI) provide both post-factum cash benefits and other proactive policies that will benefit the labour market.

For instance, the Korean Employment Insurance System is designed not only to help unemployed workers by giving them unemployed benefits, but also to enhance employment stabilization and employability of workers through their active labour market programmes. To make it more tangible, Korea EI system provides three major programs which are; Employment Stabilization Program (ESP), Job Skill Development Program (JDSP) and the traditional Unemployment Benefit.

To simplify the difference between EI and UI, it could be stated that EI is a better, improved and more proactive version of UI.

Chapter 2: Comparative Analysis of Employment Insurance (Unemployment Insurance)

Characteristic of Employment Insurance (EI) and Unemployment Insurance (UI)

One might be wondering why in some countries the term of Employment Insurance (EI) is used in stead of Unemployment Insurance (UI) or vice versa. There is a reason for this. The traditional UI system concentrates on remedial measures post-factum by providing cash benefits to unemployed while EI is designed not only to help employed workers by providing them unemployment benefits but also to enhance employment stabilization and employability of workers through active labour market programs.¹⁴ In other words, it can be said that EI is a more developed form of UI. As all the selected countries refer to their system as unemployment insurance systems, UI will be used rather than EI in the following contexts.

Unemployment Insurance (UI)

The need for an unemployment insurance (UI) scheme is to stabilize the living conditions of the unemployed.¹⁵ The scheme is mainly designed to provide income supports to those who have lost their employment as a result of downturns in the economic cycle or restructuring of enterprises. Benefits provided are usually through cash allowance but most of the UI schemes also include other employment-related policies such as assistance in job searching, counselling and training into UI programs.

After implementing any social security scheme for some years, it is necessary to assess the schemes' performances in order to identify the current situation of the schemes. This will lead to improvement of the scheme to be more effective and efficient. In this study, the performance analysis on UI is conducted in five countries in Asia and the Pacific region, comprising of China, India, Mongolia, Thailand and Vietnam. Among these five countries, Vietnam is the latest country that implemented UI scheme in January 2009.

Another problem is raised when considering which indicators should be used for measuring social security scheme. It is found that the Social Security Department of the International Labour Office (ILO) has been developed a set of quantitative performance

¹⁴ See Kil-Sang (2000)

¹⁵ See Kil-Sang (2000)

in order to assess the performance of social security schemes.¹⁶ Thus, these indicators are used as main indicators in this analysis. However, due to the lack of data, only 6 indicators are comparatively analyzed in the following contexts.

This chapter is divided into four main sections comprising of coverage, benefits, finance and administration. Within each section, the analysis is conducted into 2 main parts. The former part is qualitative analysis concerning technical information of each country. The latter is quantitative part using actual data in order to conduct performance indicators.

1) **Coverage**

After the Asian Financial Crisis of 1997-1998, many countries started to realize the importance of unemployment benefits. Since then, countries started to provide unemployment benefits in the forms of income support or other assistance related to employment policies. However, in most countries, the provision of unemployment benefits is restricted to those working in formal economy and existed only in high- and middle-income countries.¹⁷

1.1) **Coverage according to countries' legislation**

Among these selected countries, details of coverage regarding to countries legislation is summarized in table1.

Table1: Type of scheme and covered persons

Country	Type of the scheme	Coverage in law	Remark
China	Social insurance	All employees of all urban enterprises	Exclusion: employees in rural areas and workers in informal economy
India	Social insurance	All employees in formal economy	7% of economically active population work in formal economy
Mongolia	Social insurance	All employees and civil servants	Workers in informal economy are voluntary covered

¹⁶ For more information on Performance Indicators (PIS) of Statutory Social Insurance Schemes can be found at <http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=453>

¹⁷ Word Social Security Report 2010 (2010) and Yamabana (2008).

Thailand	Social insurance	All employees aged 15 to 60	Exclusion: Judges; employees of foreign governments or international organizations; employees of state enterprises; agricultural, forestry, and fishery employees; temporary and seasonal workers; and Thais working abroad.
Vietnam	Social insurance	All Vietnamese employees with (a) 12-36 months or indefinite labour contract or (b) 12-36 months or indefinite working contract	Implemented already in 61 provinces out of 63 provinces

Source: 1. Social Security Throughout the World: Asia-Pacific, 2008 ¹⁸

2. ILO Social Security Inquiry (SSI) database ¹⁹

All of the selected countries provide unemployment benefits through a social insurance system. Predominantly, workers in formal economy are mandatorily covered. Thus, workers in informal economy such as the self-employed are generally out of the coverage. However, there is an exception in the Mongolian scheme as it offers voluntary coverage for workers in informal economy.

As Vietnam is the latest country providing unemployment insurance, there are some provinces that the scheme has not yet implemented. According to Vietnam country's report, there are 61 implemented provinces out of 63 provinces.

It is noted that Chinese scheme only covers workers in urban enterprises so workers in rural enterprises and in informal economy are out of the coverage.

1.2) Coverage performance indicators

Coverage performance indicators are measured into 2 terms: coverage rate and coverage expansion rate. The former rate is calculated by using the latest available one-year data while the latter one focuses on the development of data between 2006 and 2009.

¹⁸ Available online at <http://www.ssa.gov/policy/docs/progdesc/ssptw/>

¹⁹ Available online at http://www.ilo.org/dyn/ilossi/ssimain.home?p_lang=en

- **Coverage rate**

Coverage rate can be measured in various ways; for example, number of covered persons in proportion to either number of economically active populations or number of total employed etc. The coverage rate considered here is measured in two terms: actual coverage and effective coverage. Actual coverage rate is calculated as a proportion of number of covered persons to number of economically active population. Effective coverage rate is known as a percentage of the unemployed that actually receiving the benefit among the total unemployed. These two coverage rates can be comparatively seen in the table below with the latest statistical data available. Besides, actual coverage rate and effective coverage rate, there is a ratio of estimated legally covered persons to economically active population taken from the World Social Security 2010 report showed in table 2.

Table 2: Coverage indicators of the selected countries

Country	Latest year available	Number of covered persons	covered persons to economically active population	Percentage of estimated legally covered persons to economically active population	Unemployment beneficiaries to total unemployed
China	2008	123,998,000	16%	32%	11%
India ²⁰	....	....	....	1%	....
Mongolia	2008	602,200	44%	30%	28% (2002)
Thailand	2009	8,680,359	23%	44%	31%
Vietnam	2009	129,317	0.3%	14%	8%

Source: Own calculation and World Social Security Report 2010 ²¹

²⁰ The needed data on number of covered person and unemployment beneficiaries can not be found in ILO Social Security Inquiry (SSI) database or even in other international online sources such as Worldbank and Asian Development Bank (ADB) and national online-sources. Thus, coverage indicators for India can be compared to others. However, an estimated coverage indicator of India can be found in World Social Security Report 2010 which is expressed in term of estimated legally covered persons to total economically population in the country.

²¹ 1) Number of economically active population, insured (contributors), unemployed and unemployment beneficiaries retrieved from ILO Social Security Inquiry (SSI) database, available online at http://www.ilo.org/dyn/lossi/ssimain.home?p_lang=en

According to the World Social Security Report 2010, UI coverage ranges from very good to almost non-existent. The highest estimated legally coverage rate is found in Thailand with the rate of 44%. India was ranked at the last position of the group with the coverage rate of 1% which is extremely low.

The main reason for low coverage is due to the fact that there are a large proportion of workers in informal sector. Thus, even though the scheme has been extended to cover all workers in formal sector, the ratio of covered persons to economically active population remains low. For instance, according to Dhas and Helen (2008), the workers in unorganised or informal economy was approximately 92-93% of economically active population from 1983 - 2006.²²

Regarding the actual statistical data on number of covered persons, economically active population and employed, the actual coverage rate and effective coverage rate can be calculated. The actual coverage rate is quite fluctuated. The highest actual coverage rate was found in Mongolia with the rate of 44% in 2008 while the lowest rate was found in Vietnam with the rate of 0.3%.

Concerning the effective coverage rate, it is found that the rate in Thailand was the highest one with the rate of 31%. Mongolian unemployment benefit was giving to around 28% of total employed persons in 2002. The effective coverage rate in China and Vietnam were quite similar with the rate of 11% and 8% respectively. The reason of low effective coverage rate in China is that fact that the majority of workers working in rural economy, are out of the coverage.²³

- **Coverage expansion rate**

Another coverage indicator chosen here is the percentage change in numbers of covered persons over time. This indicator gives a clear picture on developments of

2. Legally coverage rate retrieved from statistics for World Social Security 2010 report, available online at <http://www.socialsecurityextension.org/gimi/gess/ShowWiki.do?wid=95>

²² See Dhas and Helen (2008)

²³ Scholz, Bonnet and Ehmka (2009)

unemployment insurance coverage in the selected countries. The number of covered persons from 2006 to 2009 are comparatively analysed as in table3.

Table3: Number of covered persons between 2006 and 2009 and percentage change

Country	Number of covered persons and percentage change in							
	2006		2007		2008		2009	
China	111,866,000	....	116,446,000	4%	123,998,000	6%	....	....
India	....	....	....	....	....	....	....	....
Mongolia	436,500	....	484,900	11%	602,200	24%	....	....
Thailand	8,537,801	....	8,781,262	3%	8,779,131	-0.02%	8,680,359	-1.1%
Vietnam	....	....	....	....	....	....	129,317	....

Source: Own calculation²⁴

From 2006 to 2009, the number of covered persons in China, Mongolia and Thailand were increasing. The best performance on extending coverage is found in Mongolia since the number of covered person increased by 11% in 2007 and 24% in 2008. Vietnam implemented the scheme in 2009 so, with only one year of statistical data on number of covered persons it does not have a base year to compare with.

2) Benefits

The objective of an unemployment insurance scheme is to provide at least partial income replacement, enabling beneficiaries to maintain a certain standard of living during the transition period until a new employment is available. Unemployment benefits are usually granted only for a limited period, which mostly depends on contributions history but it can be granted independently as a flat rate as well. Moreover, unemployment benefits are provided along with other employment related policies in order to avoid abusing the schemes and staying unemployed for a long period without any reason. The details on benefit provision within the selected countries can be seen in table 4.

²⁴ Data on number of covered persons from 2006 to 2009 is retrieved from ILO social Security Inquiry (SSI) database, available at http://www.ilo.org/dyn/ilossi/ssimain.home?p_lang=en

Table 4: Details on benefit provisions

Country	Program	Type of benefits
China	Unemployment insurance	(a) Unemployment Allowance (b) Vocational training (c) Job-referral programs (d) Labour exchange service
India	Unemployment insurance	(a)Unemployment Allowance (b)Vocational training
Mongolia	Unemployment insurance	Unemployment allowance
Thailand	Unemployment insurance	(a) Unemployment Allowance (b) Vocational training
Vietnam	Unemployment insurance	(a) Unemployment Allowance (b)Support in vocational training (c) Support in finding job (d) Medical Insurance

Source: Social Security Programs Throughout the World: Asia and the Pacific 2008 ²⁵

Among the selected countries, their unemployment insurance schemes are mostly administered by the same fund as other social security branches. Type of benefits includes cash allowance and other employment-related policy programs to stimulate unemployed to be employed as soon as possible.

2.1) Benefit level and duration of benefit payment according to country's legislation

Benefit level and duration of benefit payment can vary from country to country. The details are provided in table 5.

²⁵ Available at <http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/2008-2009/asia/index.html>

Table5: Benefit level and duration of benefit payment

Country	Level of benefits in relation to previous earnings	Duration of benefit payment
China	Benefits is higher than public assistance benefits but lower than local minimum wage	Up to 1-2 years depends on contribution history
India	50% of insured's average wage	Up to 6 months
Mongolia	45-70% depends on contribution history	Up to 76 days
Thailand	50% of insured's average wage for involuntary unemployed, 30% of insured's average wage for voluntary unemployed	Up to 6 months for involuntary unemployed and 3 months for voluntary unemployed
Vietnam	60% of average wage 6 months before being unemployed	Up to 3- 12 months depends on contribution history

Source: Social Security Programs Throughout the World: Asia and the Pacific, 2008²⁶

With regard to benefit level, it is determined as a percentage of previous earnings in most of the select countries. Benefit level in Thailand can be divided into 2 levels: 50% and 30% of insured previous earnings depending on reason of being employed. The Involuntary employed is able to receive the grant at the level of 50% of their previous earnings. Mongolian scheme has more sophisticated way of calculating the benefit. Benefit depends on the insured's contribution history. The longer contribution period is, the higher the benefit level will be. (Details can be seen in table 5).

Concerning duration of benefit payment, it is found that most countries provide the benefits for only limited period. This period is related to insured's previous earning. For an unemployed person who has a longer contribution history, the possibility to enjoy the benefits is also longer than those with a shorter contribution history. Among the selected countries, duration of benefit payment varies from 67 days to 2 years. Chinese scheme provides the unemployed benefit for the longest period.

Social security legislation in China does not exist, so the unemployment benefit amount is set by the local governments at a level higher than the local public assistance benefit,

²⁶ Available online at <http://www.ssa.gov/policy/docs/progdesc/ssptw/2008-2009/asia/>

but lower than the local minimum wage. The benefit can be paid out to beneficiaries up to 1 to 2 years depends on contribution history.

2.2) **Benefits performance indicators**

- **Replacement rate**

There are number of benchmarks which can be used to compare relative benefit levels across countries – average incomes, average earnings, minimum wage. In the ratio of unemployment benefits in selected countries to the minimum wage level in these countries, very large gap can be seen in the level of generosity of benefits. A few countries provide earnings-related benefits with significant replacement rates so that the amount of benefit is much higher than the legal minimum wage. At the other end of the spectrum, there are many countries where the amount of unemployment benefit is just half minimum wage or even less. Of course this ratio is also dependent on levels set for the minimum wage compared to average earnings.

Table 6: Replacement rate

Country	Latest year available	Average benefits (national currency)	Average wage (national currency)	Replacement rate
China	2008	9,705	24,192	40%
India	....	....	....	....
Mongolia	2006	131,651	1,489,200	9%
Thailand	2008	33,640	106,952	31%
Vietnam	....	....	....	....

Source: Own calculation²⁷

²⁷ 1. Data on benefit expenditure is retrieved from ILO Social Security Inquiry (SSI) database, available at http://www.ilo.org/dyn/lossi/ssimain.home?p_lang=en

2. Data on average wage is retrieved from International Labour office database on labour statistics (LABORSTA Internet), available at <http://laborsta.ilo.org/STP/guest>

3) Finance

3.1) Sources of finance

Sources of funding social security scheme can be born from employees, employers and the government. Despite the fact that it is not necessary for the contribution rate to be shared among parties, in some countries, it is possible that only employees and employers pay contribution to specific social security schemes. Within the selected countries, sources of contribution income can be shown in table 7.

Table7: Contribution rate

Country	Contribution rate from		
	employees	employers	government
China	1%	2%	Discretionary, Irregular
India ²⁸	Contribution under sickness branch	Contribution under sickness branch	Contribution under sickness branch
Mongolia	0.5%	0.5%	....
Thailand	0.5%	0.5%	0.25%
Vietnam	1%	1%	1%

Source: World Social Security report 2010 and Social Security Throughout the World: Asia and the Pacific 2008

Among the selected countries, contributions can be born from employers, employees and the government or only from employees and employers. For example, in China and Mongolia, contributions are shared between employers and employees while contributions are born from 3 parties: employers, employees and the government in Thailand and Vietnam.

Concerning contribution rate, it is shared equally between employers and employees in most countries such as Mongolia, Vietnam and Thailand, while contribution rate for employers in Vietnam is higher than employees. The government shares the same contribution rate equally to employers and employees in Vietnam but the government

²⁸ It is noted EII and UI schemes are financed from contributions under sickness branch. The contribution in sickness branch is raised by employees, employers and the government with the rate of 1.75%, 4.75% and 12.5% respectively.

shares less contribution rate in Thailand with the rate of 0.25%. The Chinese unemployment insurance is financed mainly by employers and employees with the contribution rate of 2% and 1%. However, the provincial regulatory fund and local governments provide subsidies to unemployment funds as required.

3.2) Finance performance indicators

- **Demographic ratio**

Demographic ratio explains the burden that contributors have in order to finance benefits expenditure caused by beneficiaries. The rate is measured in term of number of insured persons in proportion to number of unemployment beneficiaries.

Table 8: Demographic ratio

Country	Latest year available	Number of insured persons	Beneficiaries	Demographic ratio
China	2008	123,998,000	23,626,666	19%
India				
Mongolia	2008	602,200	-	0%
Thailand	2009	8,680,359	139,165	2%
Vietnam	2009	129,317	7,867	6%

Source: Own calculation²⁹

The highest demographic ratio was found in China with the rate of 19% while the rates were lower in Thailand and Vietnam with the rates of 2% and 6% accordingly. It means that Chinese contributors have more burdens in paying contributions in order to finance benefit expenditure caused by beneficiaries than those contributors in Thailand and Vietnam.

²⁹Data on number of covered persons and beneficiaries are retrieved from ILO Social Security Inquiry (SSI) database, available at http://www.ilo.org/dyn/lossi/ssimain.home?p_lang=en

- **Ratio of expenditure to contribution income**

This is another indicator which aims to measure the financial balance of social security scheme. Due to the data on contribution income and benefit expenditure is in national currency unit, it is needed to use the ratio of expenditure to contribution income in order to compare the level of benefit expenditure in proportion to contribution income in the selected countries.

Table 9: Ratio of expenditure in proportion of contribution income

Country	Latest year available	Contribution income (National currency unit)	Benefit expenditure (National currency unit)	Ratio of expenditure to contribution income
China	2007	47,170,000,000	19,800,000,000	42%
India	....	....	....	....
Mongolia	....	....	....	....
Thailand	2009	10,343,000,000	5,728,750,000	55%
Vietnam	2009	3,066,000,000,000	-	-

Source: Own calculation³⁰

There are only two countries that statistical data on schemes' benefit and expenditure available which are China and Thailand. It is found that in 2009, benefit expenditure for unemployed constituted at 55% in relation to contribution income in Thailand while the rate was 42% in China. Therefore, Chinese unemployment insurance could have more reserves than Thailand in the latest year.

4) Administration

Similar to other social insurance schemes, an unemployment insurance scheme tends to be administered by public institution. The reason for carrying out the scheme by public organization is partly because unemployment scheme is related to well-being of the population. Leaving the scheme to the market might not be able to maintain people's

³⁰ The data on benefits expenditure and contribution income is retrieved from ILO Social Security Inquiry (SSI) database, available at http://www.ilo.org/dyn/ilossi/ssimain.home?p_lang=en

income in case of job loss. There is no fixed rule in terms of fund management. UI scheme may be constituted as a separate fund or sometimes merged with other social security branches.

The details of the administrative and supervisory institutions in the selected countries can be seen in table 10.

Table 10: Administrative and supervisory institutions

Country	Administrative Institution	Supervision
China	Local government social insurance agencies	Ministry of Labour and Social Security
India	Employees' State Insurance Corporation	Ministry of Labour and Employment
Mongolia	State Social Insurance General Office	Ministry of Labour and Social Welfare
Thailand	Social Security Office	Ministry of Labour
Vietnam	Bureau of Employment (BOE)	Ministry of Labour, Invalids and Social Affair

Source: Social Security Throughout the World: Asia-the Pacific, 2008 ³¹

In the case of China, local governments administer social insurance programs under the supervision from Ministry of Labour and Social Security. Since China does not have national social security legislation, local governments and employers adapt central government guidelines to local conditions.

India has long operated a social insurance scheme, called the Employees' State Insurance Scheme (ESIS) with the legislation enacted in 1948. Benefits covered number of contingencies including health, work injury, maternity. In 2005, the scheme was extended to cover the contingency of involuntary unemployment. The scheme is administered by the Employers' State Insurance Corporation, which is supervised by the Ministry of Labour and Employment.

³¹ Available online at <http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/2008-2009/asia/index.html>

In Mongolia, The supervision of the scheme is responsible by Ministry of Labour and Social Welfare. Within the ministry, the scheme is administered by the State and Social Insurance General Office.

Similar patterns of administration are found in Thailand and Vietnam. Social security related institutions are administered the schemes with the supervision of Ministry of Labour.

Administration performance can be measured by many indicators. However, due to a problem of a lack of data, administration performance indicators mentioned above can not be calculated.

5) Overall Performance

In order to assess the overall performance of UI in the selected countries, all indicators mentioned above are scored. There is no fixed rule for scoring the indicators; thus, the following method will be used according to author criteria.

Firstly, indicators are scored in accordance with their performance. The higher performance gets a higher score. There are only four countries left to comparatively analyse their performance as needed data is not available in India. Thus, the scores are ranged from 1 to 4. It means that the country with the highest performance is given the highest score, 4.

Secondly, for a category that contains more than one indicator, such as coverage indicator group, containing actual coverage and effective coverage, the average scores need to be calculated as a representative of this category.

Thirdly, the scores are summed and ordered as seen in table 11.

Table 11: Aggregated score

Country	Scores
China	7.0
Thailand	6.2
Mongolia	5.3
Vietnam	2.2
India	....

Source: Own calculation

According to the above method, it is found that overall scores of the selected countries range from 2.2 to 7. The best overall performance among the selected countries is China with the score of 7. Thailand is ranked as second best performance with a little lower score than China at 6.2. Mongolia is ranked as the third with the score of 5.3. Vietnam is ranked in the last place among the selected countries with the score of 2.2. Unfortunately India cannot be ranked because there is no data available, as mentioned above.

Chapter 3

Comparative Analysis of Employment Injury Insurance

In Asia-Pacific region, employment injury insurance schemes (EII) have been implemented since the mid 20th century. EII was the first social security scheme in many countries.

After implementing any social security scheme for some years, it is necessary to assess the scheme's performance in order to identify the current situation of the scheme which will lead to improvement of the scheme to be more effective and efficient. Due to a lack of performance analysis of EII schemes in Asia and the Pacific region, ten countries in this region are selected.

A performance analysis on EII is conducted in ten countries in Asia and the Pacific region, comprising of Cambodia, China, India, Indonesia, Laos, Malaysia, Mongolia, the Philippines, Thailand and Vietnam. Another problem rose concerning which indicators should be used for measuring social security scheme. It is found that the Social Security Department of the International Labour Office (ILO) has been developed a set of quantitative performance in order to assess the performance of social security schemes.³² Thus, these indicators are used as main indicators. However, due to the lack of data, only 6 indicators are comparatively analysed in the following context.

1) Coverage

At the beginning period of the implementation of EII, coverage was only focused on workers in hazardous industries. Later, coverage has been extended in order to achieve universal coverage for all workers. Many countries have been extending EII coverage. Nevertheless, there are still some groups of workers who have not been covered by any social security scheme.

1.1) Coverage according to countries' legislation

The excluded groups of workers in this region comprises of employees of small businesses, seasonal workers, domestic workers, the self-employed and workers in agriculture and fishery. The reasons for limited coverage might be because of high cost of administration, low compliance rate, high number of workers in informal economy and the shortage of finance.

³² For more information on Performance Indicators (PIS) of Statutory Social Insurance Schemes can be found at <http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=453>

The details on scope of employment injury insurance coverage in selected countries can be summarized in the table 12.

Table 12: Scope of coverage

Country	Type of the scheme	Legal coverage	Remark
Cambodia	Social insurance (compulsory)	All employees in the enterprises with at least 8 employees also self employed persons and seasonal or occasional workers	Implemented in 8 provinces out of 24 provinces
China	Social Insurance (compulsory)	All enterprises and individual business with employees	-
India	Social Insurance	Non seasonal power using manufacturing units with at least 10 employees and Non power-using-establishment with at least 20 employees. Month salary of those employees must not exceed Rs. 10000	Implemented in some areas
Indonesia	Social insurance (compulsory)	Establishments with at least 10 employees	Workers in informal economy are voluntary covered
Laos	Social insurance (compulsory)	2 schemes for public and private employees. For private sector, employers with 10 or more employees are covered	Self-employed, employees in embassies and international organizations are excluded
Malaysia	Social insurance (compulsory)	Establishments with at least 1 employee. It is not compulsory for employees who earn more than RM 3000 per month	Government employees, domestic servants, self-employed, foreign workers are excluded
Mongolia	Social insurance (compulsory)	All employees and civil servants	Self-employed are voluntary covered
Philippine	Social insurance (compulsory)	All enterprises with at least 1 employee whose age is not over 60 years old	
Thailand	Social insurance (compulsory)	Enterprises with at least 1 employee	Exclude: (a) Employees in agriculture, forestry, fishery and live stock that do not hire employees throughout the year (b) Employees in Government Officials of the central, provincial and local administration (c) Employees of non-profit organizations (d) Employees in state enterprises (e) Private school teachers and head masters
Vietnam	Social insurance	All employees in the enterprises with over 3 months labour contract	-

Source: 1. Social Security Throughout the World: Asia-Pacific, 2008³³

2. ILO Social Security Inquiry (SSI) database³⁴

3. Countries' reports

³³ Available online at <http://www.ssa.gov/policy/docs/progdesc/ssptw/>

³⁴ Available online at http://www.ilo.org/dyn/ilossi/ssimain.home?p_lang=en

According to the social security legislation of the selected countries, EII is mostly compulsory for workers in the formal economy. However, formal employees in countries such as Cambodia and India are not wholly covered by the scheme due to the fact that the scheme failed to be implemented in all areas of the countries. Self-Employed workers are left out of the scheme in most countries except for those covered on a voluntary basis, such as, in Indonesia and Mongolia.

1.2) Coverage performance indicators

In order to analyse coverage performance in this study, two indicators are considered. The first indicator is known as actual coverage rate which presents the actual number of covered persons and at the same time it shows the number of persons who need to be covered. The second indicator is the growth rate in numbers of covered persons each year. This indicator shows the performance of extending coverage.

- **Coverage Rate**

Coverage rate is one of the indicators used in analysing coverage performance in this study. As a result of data limitation, the number of covered persons in proportion to economically active population is chosen as a measure of coverage rate here. This indicator would present the gap between non-covered and covered workers in the country by taking the actual number of covered workers each year into the calculation. Moreover, estimated coverage rate by country retrieved from the latest draft of World Social Security 2010 report is also provided. The coverage mentioned above can be seen in table13.

Table 13: Coverage rate

Country	Latest year available	Number of protected persons	Ratio of	
			covered persons (contributors) to economically active population	estimate legally covered persons to economically active population
Asia				26%
Cambodia	2009	294,967	4%	....
China	2008	137,872,000	18%	32%
India	2008	12,100,000	3%	8%
Indonesia	2009	29,030,673	27%	24%
Laos	2009	47,067	2%	7%
Mongolia	2008	2,296,500	43%	....
Malaysia	2007	5,450,943	49%	67.60%
Philippine	2007	9,100,000	26%	50.40%
Thailand	2007	7,939,923	21%	28%
Vietnam	2007	8,300,000	18%	23.70%

Source: Own calculation, Statistic data for World Social Security report 2010,³⁵ Countries' reports

According to World Social Security report 2010, the estimated average coverage rate in Asian countries stood at 26% which was one fourth of the economically active population in Asian countries.

Concerning the coverage rate in the table, the rate in the selected countries can be categorized into 3 levels in accordance with its performance: high, medium and low. It is found that Malaysia and Mongolia are considered to be in the high performance group as employment injury insurance scheme of these two countries covered 49% and 43% of economically active population in countries. The medium coverage performance group comprises of Indonesia, the Philippines, Thailand, Vietnam and China with the

³⁵ Estimated legally coverage rate is retrieved from a statistical table, available at <http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceld=15352>

coverage rate ranging from 27%-18%. Cambodia, India and Laos are grouped in the lowest coverage performance with the coverage rate of 4%, 3% and 2% subsequently.

- **Coverage expansion rate**

Another coverage indicator chosen here is the percentage change in numbers of covered persons over time. This indicator gives a clear picture of developments of employment injury insurance coverage in the selected countries. Thus, the number of covered persons from 2006 to 2009 are comparatively analysed as in table 14.

Table 14: Percentage change in the number of covered persons

Country	Number of covered persons and percentage change in							
	2006		2007		2008		2009	
Cambodia	.....	.....	.....	.....	264,523	.....	294,967	12%
China	102,685,000	.....	121,730,000	19%	137,872,000	13%	.....	.....
India	910,000	.....	10,100,000	1010%	12,100,000	20%	.....	.....
Indonesia	23,081,367	.....	23,729,950	3%	26,626,815	12%	29,030,673	9%
Laos	.....	.....	36,160	.....	42,959	19%	47,067	10%
Malaysia	5,454,799	.....	5,450,943	-0.1%	.....	.....	.....	.....
Mongolia	436,500	.....	484,900	11%	602,200	24%	.....	.....
Philippine	7,992,025	.....	9,100,000	14%	.....	.....	.....	.....
Thailand	7,992,025	.....	8,178,180	2%	8,135,606	-1%	7,939,923	-2%
Vietnam	6,200,000	.....	7,800,000	26%	8,300,000	6%	.....	.....

Source: Own calculation, Statistic data for World Social Security report 2010,³⁶ Country's report

Among the selected countries, the developments in number of covered persons in the selected countries tend to be increased overtime from 2006 to 2009 except in Thailand and Malaysia. In Malaysia, the number of covered persons decreased by 0.1%, from 5,454,799 to 5,450,943 persons in 2007. The same trend happened in Thailand as

³⁶Estimated legally coverage rate is retrieved from a statistical table, available at <http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceld=15352>

the number of covered persons experienced a decline between 2007 and 2009. The number of covered persons was 8,178,180 persons in 2007 and then it decreased by 1% in 2008 and another 2 % at the end of 2009.

By all of the countries with increasing trends of coverage, Mongolia holds the best performance as the number of covered persons continued rising up overtime with the high growth rate of 11% and 24% in 2008 and 2009 substantially.

The number of covered persons in India jumped from 910,000 persons in 2006 to 10,100,000 persons in 2007 with the growth rate of 1010%. Then .in 2008, the number of insured increased with a smaller percentage of 20%.

The rest of the selected countries also performed well in this aspect as the number of covered persons continually rose from 2006 to 2009 with the different growth rate.

2) Benefits

There are several kinds of benefits classified as employment injury insurance. They include medical benefit, temporary disability benefit, permanent disability benefit, survivor benefit, funeral allowance, attendance benefit, rehabilitation benefit, etc. In reality, countries might not be able to provide all the benefits mentioned above.

2.1) Benefits provision

The classifications of benefits can be broadly divided into 4 main types: medical, temporary disability, permanent disability and survivors' benefits.

Table 15: Type of EII benefits

Country	Type of benefits
Cambodia	(a) Medical treatment benefit (b) Temporary disablement benefit (c) Nursing benefit (d) Permanent disablement benefit, (e) Constant attendance benefit and (f) Survivors' benefit.
China	(a) Medical benefit (b) Temporary disability benefits (c) Permanent disability benefit (d) Survivors' benefit (e) Funeral benefit
India	(a) Medical benefits (b) Temporary disability benefit (c) Permanent disability benefit (d) Survivors' benefit (e) Funeral benefit
Indonesia	(a) Transport costs (b) Temporary work (c) Medical expenses (d) Disability benefits (e) Death benefit (f) Rehabilitation costs (g) Rehabilitation costs
Laos	(a) Medical care services (b) Temporary disability (c) Permanent disability benefit (d) Caretaker benefit (e) Funeral benefits (f) Survivors' benefits
Malaysia	(a) Medical benefit (b) Temporary disability benefit (c) Permanent Disability benefit (d) Survivors' benefit
Mongolia	(a) Temporary disability benefit (b) Permanent disability benefit (c) Survivor benefit (d) Rehabilitation benefit
Philippine	(a) Temporary disability benefit (b) Permanent disability benefit (c) Permanent partial disability benefit (d) Rehabilitation benefit (e) funeral benefit (f) Death benefit
Thailand	(a) Medical benefit (b) Temporary disability benefits (c) Permanent disability benefits (d) Permanent partial disability benefit (e) survivors' benefit (f) Funeral grant (g) Rehabilitation expenses
Vietnam	(a) Medical benefit (b) Temporary disability benefit (c) Permanent disability benefit (d) survivors' benefit

Source: 1. Social Security Throughout the World: Asia-Pacific, 2008 ³⁷

2. ILO Social Security Inquiry (SSI) database ³⁸

3. Country's reports

2.2) Benefits performance indicator

• Replacement rate

Benefit performance can be measured in the form of a replacement rate. This rate is calculated by taking the average benefit in proportion to the average insurable earning prior being unemployed. It gives a picture of adequacy of benefits provided by the scheme in comparison to insured previous earnings.

Regarding to average wage, as statistical data on average wages of insured persons of each scheme is very limited; the average wage of the whole country is used instead.

³⁷ Available online at <http://www.ssa.gov/policy/docs/progdesc/ssptw/>

³⁸ Available online at http://www.ilo.org/dyn/ilossi/ssimain.home?p_lang=en

Table 16: Replacement rate

Country	Latest year available	Average benefits	Average wage	Replacement rate
Cambodia	....	....	....	....
China	2008	10,772	24,192	45%
India	....	....	....	....
Indonesia	....	....	....	....
Laos	2008	466,550		
Mongolia	....	....	....	....
Malaysia	2007	3,702	....	....
Philippine	2008	26,651	99,547	27%
Thailand	2008	9,566	106,952	9%
Vietnam	....	....	....	....

Source: Data on average wage retrieved from [LABORSTA](#), data on benefits expenditure and number of beneficiaries are from Social Security Inquiry and country's report

Among ten selected countries, it is found that the replacement rate ranges from 9% to 45%. The highest replacement rate is found in Chinese system while the lowest rate is found in Thailand. It can be concluded that value of EII benefits provided in China was almost half of previous insured's earnings.

3) Finance

3.1) Sources of finance

In most Asian countries, contribution comes from 3 sources: employees, employers and the governments. Regarding the types of contribution rate, they differ from country to country. There are three types of contribution rate: uniform, differential and merit. Uniform rate may be preferable to countries that just have a plan to implement the scheme as of the simplicity of administration. Once the scheme has been implemented for a while, differential and merit rate would be more effective, as these two rates take risk experiences of each enterprises and risk of each business into account.

Contribution rates are often differentiated according to the level of risk of accident or disease in different types of economic activity; this is intended to provide an incentive to enterprises to invest in reducing the probability of accidents and in other preventive measures.

Normally, contributions to EII in many countries are financed from employers only as there is a link between workplace risk and prevention which are assessed in accordance with the specific risk of each workplace.

Table 17 shows details on sources of contribution income and type of contribution rate in the selected countries.

Table 17: Contribution rate in selected countries

Country	Contribution rate from			Type of contributions
	employees	employers	government	
Cambodia	No contribution	0.80%	No contribution	Uniform rate determined after actuarial valuation
China	No contribution	1-1.5% (average)	Discretionary/ Irregular	Differential rate + Merit rate
India ³⁹	Global contribution, under sickness	Global contribution, under sickness	Global contribution, under sickness	Uniform rate
Indonesia	No contribution	0.24-1.74%	No contribution	Differential rate
Laos	No contribution	0.50%	For public sector, the rest of expenditure, no contribution for private sector	Uniform rate
Malaysia	No contribution	1.25%	No contribution	Uniform rate
Mongolia	No contribution	1%, 2% or 3%	No contribution	Differential rate
Philippine	No contribution	1% for both GIS and SSS	Discretionary | Irregular contribution	Uniform rate
Thailand	No contribution	0.2-1%	No contribution	Differential rate + Merit rate
Vietnam	No contribution	1%	No contribution	Uniform rate

Source: country's reports and Social Security Throughout the World 2010 (Statistical Annex)

³⁹ It is noted EII and UI schemes are financed from contributions under sickness branch. The contribution of sickness branch is raised by employees, employers and the government with the rate of 1.75% , 4.75% and 12.5% respectively.

The financing of EII in most selected countries rely on employers' responsibility. In a country such as India, as EII scheme is not separated from other social security schemes, therefore, employees also pay contributions to this scheme. Concerning contributions from the government, the government will contribute to this scheme if necessary in some countries.

3.2) Finance performance indicators

In order to evaluate the financial situation of the scheme, 2 finance indicators are selected. The first one is called demographic ratio and the second one is the ratio of contribution to benefit expenditure in period.

Finance performance can be measured by the usage of 2 indicators: demographic ratio and the ratio of contribution and benefit expenditure in period. The first indicator gives a clear picture of burden that contributors will have as they are financing the scheme by paying contributions. The second indicator, the ratio of contributions and benefit expenditure shows the financial situation of the scheme each year. The section below, firstly explains how contribution is collected in each country. Secondly, the finance performance indicators are comparatively analyzed.

- **Demographic ratio**

In this context, the demographic ratio is a ratio of beneficiaries to number of insured persons. This indicator shows the burden that contributors have in order to finance benefit expenditures caused by beneficiaries. Table 18 presents demographic ratio of employment injury insurance scheme in this region with the last updated data on number of covered persons and beneficiaries.

Table 18: Demographic ratio

Country	Latest year available	Number of insured persons	Beneficiaries	Demographic ratio
Cambodia	2009	294,967	934	0.003
China	2008	137,872,000	1,178,000	0.009
India	2008	12,100,000	....	....
Indonesia	2009	29,030,673	96,314	0.003
Laos	2009	47,067	42	0.001
Malaysia	2007	5,450,943	286,691	0.053
Mongolia	2007	484,900	5,312	0.011
Philippine	2007	9,100,000	38,991	0.004
Thailand	2009	7,939,923	149,436	0.019
Vietnam	2008	8,300,000	5,836	0.001

Between 2006 and 2009, it is found that contributors did not have too many burdens on employment injury benefit expenditure. According to the demographic ratio in the table above, every 1000 contributors, the number of beneficiaries would be ranging from 1 to 53 persons.

The highest rate was in Malaysia in which the number of beneficiaries stood at 286,691 persons while the number of contributors was 5,450,943 persons. It means that every 1000 contributors have to financially support 53 beneficiaries. The lowest rate was 0.001 in Laos and Vietnam. It means that 1000 contributors have to financially support only 1 beneficiary.

- **Contribution income and benefit expenditure ratio**

Another finance indicator is called contribution income and benefit expenditure ratio. This ratio presents the balance of contribution income and benefit expenditure each year. If the ratio is nearly at zero, it means that the benefit expenditure and contribution income are almost equal. The higher number then means the more sustainable of the

scheme is as the scheme has more surpluses. The ratio in the selected countries can be seen as in the table below.

Table 19: Ratio of contribution income and benefit expenditure

Country	Latest year available	Contribution income (National currency unit)	Benefit expenditure (National currency unit)	Ratio of expenditure to contribution income
Cambodia	2008	852,944,500	187,827,000	22%
China	2008	21,670,000,000	12,690,000,000	59%
India	2008	36,985,300,000	...	...
Indonesia	2008	976,163,000,000,000	292,027,000,000,000	30%
Laos ⁴⁰	2009	2,090,496,112	162,359,488	8%
Malaysia	2008	1,836,483,286	1,187,124,992	65%
Mongolia	...	...	...	...
Philippine	2009	1,183,900,000	1,086,000,000	92%
Thailand	2009	2,976,390,000	1,569,180,000	53%
Vietnam	2008	73,000,000,000	...	...

Source: ILO Social Security Inquiry (SSI) database

According to the table above, contribution income in proportion to benefit expenditure of the selected countries ranges from 1.09 and 4.54. The higher rate is of Cambodia with the rate of 4.54. It means that if benefit expenditure remains the same and there is no contribution for the next years, the fund can pay the benefit up to 4 years without any more contribution. The lowest ratio is found in the Philippines with the rate of 1.09. This means the contribution income and the benefit expenditure were almost at the same level. If the situation remains unchanged, the fund will have only small amount of reserve to be invested in, in order to earn more returns.

⁴⁰ There is only data on contribution income for all social security schemes available; thus, author calculated contribution income for EII by multiplying total contribution income by contribution rate for EII over total contribution rate for social security branches.

4) Administration

Employment injury insurance (EII) schemes are often organized on a contributory basis, sometimes constituting a separate fund, sometimes being merged with other social security branches. Since it is intended to link risk at the workplace with prevention targets, most countries have decided to organize EII schemes separately.

Same as other social insurance schemes, an EII scheme tends to be administered by public institution. The reason for carrying out the scheme by public organization is partly because EII is significantly related to well-being of the population. Leaving the scheme to the market might not be able to protect groups who are most at risk. The details of the administrative and supervisory institution in the selected countries can be seen in table below.

Table 20: Administrative and supervisory institutions by country

Country	Institution	Supervision	Type of administration institution
Cambodia	National Social Security Fund (NSSF)	1.Ministry of Labour and Vocational Training, for non-finance matters 2.Ministry of Economy and Finance, for finance related issues	Public
China	National Social Insurance Administration Centre	Ministry of Human Resources and Social Security	Public
India	Employees' State Insurance Corporation (ESIC)	Ministry of Labour	Public
Indonesia	Jamsostek	1.State Own Enterprise for the management performance supervision 2. Ministry of Finance for financial supervision 3.Ministry of Labour for technical supervision	Public
Laos	Social Security Organization	Ministry of Labour and Social Welfare	Public
Malaysia	Social Security Organization (SOCISO)	Ministry of Human Resources	Public

Mongolia	(a) For public employees' scheme: Government Service Insurance System (b) For private employees' scheme: State Social Insurance General Office	Minister of Social Welfare and Labour	Public
Philippine	Social Security System	Employees' Compensation Commission	Public
Thailand	Social Security Office	Minister of Labour	Public
Vietnam	Social Insurance Organization	Ministry of Labour, Invalid and Social Affairs	Public

source: Social Security Throughout the World: Asia-the Pacific, 2008 ⁴¹

It is found that most of the Asian-Pacific countries studied here are administered by public institutions as can be seen in the table above. However, the management and supervision of the scheme seems to be carried out separately. Mostly, the management of the scheme is responsible by a social security office under the supervision of a related ministry. Most of the employment insurance schemes in the selected countries are supervised by one ministry only, except in Cambodia and India. The supervision in Cambodia and India are shared between more than one ministry. In Cambodia, the Ministry of Labour and Vocational Training is responsible for the supervision on non-finance related matters while the finance related issues are supervised by the Ministry of Finance. In Indonesia, the supervision is shared between 3 institutions. The State Own Enterprise supervises the management performance of the scheme. The Ministry of Finance is responsible for financial supervision while the Ministry of Labour is responsible for the technical supervision.

5) Overall Performance

In order to assess the overall performance of UI in the selected countries, all indicators mentioned above are scored. There is no fixed rule for scoring the indicators; thus, the following method will be used according to author's criteria.

Firstly, indicators are scored in accordance with their performance. The higher performance gets higher scores. There are only four countries left to comparatively analyse their performance as needed data is not available in India. Thus, the scores are

⁴¹ Available online at <http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/2008-2009/asia/index.html>

ranged from 1 to 10. It means that country with highest performance is given the highest score, 10.

Secondly, for a category that contains more than one indicator, such as coverage indicator group, containing actual coverage and effective coverage, the average scores need to be calculated as a representative of this category.

Thirdly, the scores are summed and ordered as it can be seen in table 21.

Table 21: Aggregated score

Country	Score
China	13
Indonesia	11.5
Laos	11.5
Malaysia	11
Philippine	11
Vietnam	11
Cambodia	10
Thailand	7.5
Mongolia	7
India	6

Source: Own calculation

According to the above method, it is found that the overall scores of these ten countries range from 13 to 6 and the scores can be divided into 3 groups: high, medium and low performance. China is the only country ranked as the best overall performance country with its score of 13. The majority of the selected countries are considered to be in the medium performance group which comprises of Laos, Malaysia, the Philippines, Vietnam and Cambodia with the scores between 11 and 10. The low performance group includes Thailand, Mongolia and India. It is found that India has the worst performance compared to the other selected countries.

Conclusion

From the performance analysis in previous chapters, results can be drawn by schemes as follows:

1) Employment or Unemployment Insurance (EI or UI)

○ Coverage Performance

Regarding coverage performance, three indicators are selected: actual coverage rate, effective coverage rate and extension rate. Actual coverage rate shows number of covered persons in proportion to number of economically active population in each country in latest year available. The second coverage indicator is called effective coverage. This rate represents the number of unemployed receiving the benefits in comparison to total employed in period t. The third indicator is related to the concept of social security extension. It expresses percentage change in number of covered persons each year.

It is found that Mongolia has the best coverage performance according to 3 indicators in this category. Vietnam has the lowest coverage performance among the selected countries. This might be a result of currently implementing the UI scheme in the country.

○ Benefits Performance

Benefits performance can be measured as an individual replacement rate calculated based on a proportion of average benefit to average insurable earnings. It expresses an adequacy of benefits provided to beneficiaries in comparison to their previous earnings. If the rate is equal to 100 means that level of benefit provided is at the same level of insured' earnings. Among the target countries, it is found that China has the best benefit performance with the replacement rate of 40%. Mongolia has the worst performance this time with the replacement rate of 9%.

- **Finance Performance**

Finance performance is assessed by considering two indicators: scheme demographic ratio and benefit expenditure to contribution income in latest year available. These two rates express the burden that contributors have in order to finance benefits paid to beneficiaries and the proportion used for paying out benefits. Among five target countries, China again has the best performance as they had the lowest demographic ratio and least proportion of benefit expenditure to contribution income of the latest year.

- **Administration Performance**

As a very limited statistical data can be used for calculating administration indicators, there are only qualitative of this part available.

- **Overall Performance**

In summary, according to 6 indicators analysed in previous chapters, it is no surprise that China has the best overall performance among the selected countries with the score of 7. The Thailand is ranked as second best performance with a little lower score than China at 6.2. Mongolia is ranked the third with the score of 5.3. Vietnam is ranked in the latest place among the selected countries with the score of 2.2.

2) Employment Injury Insurance (EII)

- **Coverage Performance**

Regarding coverage performance, two indicators are selected: actual coverage rate and extension rate. Actual coverage rate shows number of covered persons in proportion to number of economically active population in each country in the latest year available. The second coverage indicator is called the effective coverage. This rate represents the number of unemployed receiving the benefits in comparison to total employed in period t. The third indicator is related to the concept of social security extension. It expresses percentage change in number of covered persons each year.

It is found that Malaysia has the best coverage performance as its score is significant. Thailand, Laos and Cambodia are ranked in the low performance group. Most of the

countries: Vietnam, China, India, the Philippine, Indonesia and Mongolia has quite a similar performance which can be categorized in the medium performance group.

- **Benefits Performance**

Benefits performance can be measured an individual replacement rate calculated based on a proportion of average benefit to average insurable earnings. It expresses an adequacy of benefits provided to beneficiaries in comparison to their previous earning. If the rate is equal to 100 means that level of benefit provided is at the same level of insured' earnings. Due to a problem of lacking data, there are only three countries that can be analyzed. It is found that China has the most significant performance with the replacement rate of 45%. The Philippine's benefit performance is ranked as the second with the replacement rate of 29%. Thailand has the lowest benefit performance among these three countries with the replacement rate of 9 %.

- **Finance Performance**

Finance performance is assessed by considering two indicators: scheme demographic ratio and benefit expenditure to contribution income in latest year available. These two rates express the burden that contributors have in order to finance benefits paid to beneficiaries and the proportion used for paying out benefits. Finance performance of the target countries can be categorized into three groups: high, medium and low. Laos Cambodia, Indonesia and are in the high performance group. China, Vietnam, Thailand and The Philippines are categorized in the medium performance group. The lowest finance performance group comprises of 2 countries: Malaysia and Mongolia.

- **Administration Performance**

As a very limited statistical data that can be used for calculating administration indicators, there are only qualitative of this part available.

- **Overall Performance**

It can be concluded that according to 5 indicators analyzed in previous chapters, the target countries can be categorized into three groups: high, medium and low

performance group. China is only country considered to be in the high performance group as a result of its significant performance with the highest score of 13. The majority of the selected countries are considered to be in the medium performance group which comprises of Laos, Malaysia, the Philippines, Vietnam and Cambodia with the scores between 11 and 10. The low performance group includes Thailand, Mongolia and India. It is found that India has the worst performance compared to the other selected countries.

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Annex

Annex I: Compiling History and Administration of EI and EII in Target Countries

This part aims to compile operational details of EII and EI implemented in each target country. It will firstly provide tables, displaying timeframe of when the EI and EII schemes were introduced and implemented in each country;⁴² follow by the informative summary part.

Table 1: Timeframe for EII concerning 10 target countries

Country	First Law	Current Law
Cambodia	1955	2008
China	1951	1953, 1978 (permanent employees), 1986 (contract workers), 1996, 2003 (work injury), and 2004 (rural migrants)
India	1923 (workmen's compensation)	1948 (employees' state insurance)
Indonesia	1951 (workmen's compensation)	1992 (employees' social security)
Laos	1999 (employees in enterprises), implemented in 2001	1999 (employees in enterprises), implemented in 2001
Malaysia	1929	1969 (social security)
Mongolia	1958 (a Law on pensions)	In 1995 the comprehensive Social Insurance Law was introduced
Philippines	1974 (work injury), implemented in 1975	1996
Thailand	1972 (announcement of the revolutionary party), implemented in 1974	1994 (workmen's compensation)
Vietnam	1947 and 1950	2006 (social insurance), implemented in 2007

Source: Social Security Programme Throughout the World: Asia and the Pacific, 2008 (SSPTW) and country

⁴² The data is based mostly on Social Security Throughout the World (SSPYW): Asia and the Pacific, 2008 report.

Table 2: Timeframe for EI concerning 5 target countries

Country	First Law	Current Law
China ⁴³	1986	1999
India ⁴⁴	1948 (state insurance)	1948 (state insurance)
Mongolia	1991	1999 (revised version of 1991)
Thailand ⁴⁵	1990 (social security), implemented in 2004	1990 (social security), implemented in 2004
Vietnam ⁴⁶	2006 (social insurance), implemented in 2007	2006 (social insurance), implemented in 2007

Source: Social Security Programs Throughout the World (SSPTW) in Asia and the Pacific (2008) and countries' reports

⁴³ China does not yet have national social security legislation. Thus, local governments and employers adapt central government guidelines to local conditions.

⁴⁴ The first law is the current law.

⁴⁵ The first law is the current law.

⁴⁶ Vietnam has just started the EI scheme, thus the first law is the current law.

Annex II: Informative Summary

Cambodia

History of EII in Cambodia

While social security is initiated in 1955, it was not until 2002 that Cambodia has its own first Social Security Law. The slow process can be explained by the reality that the country had had to endure the genocide regime for a long period of time. In 2004, Cambodia requested the ILO experts to come and help with the design of its first employment injury scheme.

Administration

Administration of EII in Cambodia is conducted by a self-financing with autonomy in administration called the National Social Security Fund (NSSF), which is being supervised by the Ministry of Economy and Finance (MEF) for the finance related issue and the Ministry of Labour and Vocational Training (MoLVT) for the matter other than finance's.

China

China is a country that has implemented both EI and EII scheme therefore the operational details of China will be divided in two parts, one each for EI and EII.

History of EII in China

Employment Injury idea is first initiated in 1950s as Employment Injury Welfare but the Chinese Official Employment Injury Insurance was implemented much later. In 1994 the Labour Law of China had included employment injury insurance (EII) as one of five social insurance schemes. Then in 1996, the Ministry of Labour issued Provisional Measures on EII for private enterprises. In 2003, regulations on EII were promulgated. And the scheme has been expanded once it came into effect in 2004.

Administration of EII in China

There are two layers of agencies administering social insurance in China: national level and local Level .At the national level it is the National Social Insurance Administration.

History of EI in China

Although China has enacted social security legislation since 1951, China hasn't envisaged that a socialist country would experience unemployment. Up until when it enters a new economy market China has realised the existence and the importance of EI. After that the first Chinese EI scheme was implemented in 1986.

It must be noted that even though EI is called as UI (Unemployment Insurance) in China. Its policies are very similar to those of EI's as it also includes employment promotion programmes and re-employment assistance.

Administration of EI in China

Ministry of Labour and Social Security of Unemployment provides general guidance to ensure that local regulations follow central governmental guidelines. Local government's social insurance agencies pay benefits. Local government's social insurance agencies and the tax agencies collect contributions.

India

India is another country where both EI and EII are implemented, as a consequence, we will scrutinise both of the schemes one by one, starting with EII.

History of EII in India

Workmen's Compensation Act 1923 was the first to provide employment injury benefits. Back then, employers were the ones responsible to pay compensation to injured workers. Then in 1948, the Employees' State Insurance Act 1948 was legislated by the country after independence. This act was passed to protect the interest of workers from contingencies such as sickness, maternity, temporary or permanent physical disablement, and death due to employment injury.

Administration of EII in India

EII in India is administered by the Employees' State Insurance Corporation (ESIC), in which the members consist of employers, employees, the central government, medical profession and the parliament.

The ESI Corporation has its head-quarter office in Delhi. It has the network of 50 Regional, Sub Regional and Divisional Offices functioning in the different states of the country for implementing the scheme in the country.

History of EI in India

Unemployment is a huge issue in India. Even in the economic growth climate India is in now, employment growth has been slow.

ESIS or the Employees' State Insurance Scheme is the name of a social insurance scheme in India in which "work injury" has been covered since 1948. In 2005 the scheme was extended to cover contingencies of involuntary unemployment.

Administration of EI in India

The scheme is administered by the Employee's State Insurance Corporation (ESIC), which operates under the supervision of the Ministry of Labour and Employment. It comprises of representatives from central and state government, employers and employees, and the medical profession. The Ministry of Labour and Employment is also responsible for appointing the chairman for the corporation.

Indonesia

History of EII in Indonesia

In 1977 for the first workers' social insurance program was introduced and it was called ASTEK. Then in 1995 the government appointed PT JAMSOSTEK whose responsibility is direct on employment injury insurance and other affairs between employers and employees.

Indonesia has only applied EII scheme so far.

Administration of EII in Indonesia

Social security in Indonesia is organised by five executive bodies each dealing with different programme. As for the insurance for employers and employees, it is the responsibility of PT JAMSOSTEK.

PT JAMSOSTEK is considered public agency. The work of Jamsostek is supervised under the Ministry of Manpower and Transmigration of Indonesia

Lao PDR

History of EII in Lao PDR

Lao has only implemented EII program so far. In 1993, the social security scheme for employees of the public sector was established in Laos. Then, the scheme covered civil servants, military and police. As for the private sector, the decree 207/PM was initiated in 1999 and implemented in 2001 for it. The Lao Social Security Organisation (SSO) was established to implement social security benefits for employees of private enterprises in 2000.

Administration of EII in Lao PDR

In Laos, there are two separate systems between EII for private sector and public sector. The social security system for the public sector is directly administered by the social security department, which is under supervision of the Ministry of Labour and Social Welfare. The employment injury scheme for the public sector is a part of social security benefit administered by the department. However, the fund is kept in the Ministry of Finance. The director general is responsible for daily management of the social security fund. The social security organisation for the private sector is a self-financing body under supervision the Minister of Labour and Social Welfare.

Malaysia

History of EII in Malaysia

Malaysia has only applied EII scheme so far with details as following the first act regarding compensation for employees is passed in 1952 and the workers have been protected from all contingencies of industrial accident, occupational disease and invalidity in the act in 1969 under the Employees Social Security Act 1969

Administration of EII in Malaysia

EII in Malaysia is established in the Employees' Social Security Act. The scheme is administered by the Social Security Organisation (SOCSSO) under the supervision of the Ministry of Human Resources of Malaysia.

Mongolia

History of EII in Mongolia

In 1995 the comprehensive social insurance law was introduced. This determined the form and the scope of coverage, set out the legal basis for the liability of contributions, established the constitution of the insurance fund, and detailed the operation of the Social Insurance Organisation in respect to implementation.

Administration of EII in Mongolia

The administration of EII scheme in Mongolia has done by public agency through the Social Insurance Organisation. Minister for Social Welfare and Labour is the one who is the head in the responsibility.

History of EI in Mongolia

Mongolian unemployment scheme were established in 1994, with the promulgation of two pieces of legislations: the Law on Social Insurance and the Law of Unemployment Benefit Provided by the Social Insurance Fund.

Administration of EI in Mongolia

The State Social Insurance Office administers the scheme, while the highest authority of the scheme is the Ministry of Labour and Social Welfare.

The Philippines

History of EII in the Philippines

In 1936, public worker were covered by the Government Service Insurance System (GSIS). But employees from private sectors were not covered by the scheme.

In 1954, Social Security System (SSS) was created to implement the provisions of the social security act, which include several social security schemes, but not the work related one. It was only in 1975 that work-related illness and injuries started to get coverage with the implement of the Employees' Compensation Scheme.

Administration of EI in the Philippines

The scheme is administered by a public, governmental body called the Employees' Compensation Commission (ECC) which is a body attached as a part of the Department of Labour and Employment.

Thailand

Thailand has implemented both EII and EI scheme. Followings are the information of operational details of EII and EI in order.

History of EII in Thailand

Thailand's workmen's Compensation Fund was set up at the Department of Labour commenced in 1974. In 1990, when the Social Security Office (SSO) was set up, the Workmen's Compensation Fund was transferred from the Department of Labour to the SSO. The workmen Compensation Act was in effect in 1994.

Administration of EII in Thailand

Thailand's Employment Injury Insurance is under the responsibility of the Social Security Office (SSO), Ministry of Labour. The SSO manages 2 funds, Social Security Fund and Workmen's Compensation Fund. The Workmen's Compensation Fund provides Employment Injury Benefits to employees in Thailand.

History of EI in Thailand

The unemployment benefit was introduced in 2004.

Administration of EI in Thailand

The organizations that are responsible for administering the schemes are the Department of Employment, the Department of Skill Development, the Department of Labour Protection and Welfare and SSO. SSO has the most important tasks i.e. collecting contributions, maintaining contributions data and verifying qualification of the beneficiaries.

Vietnam

History of EII in Vietnam

Social security as an idea was recognised in 1946. Then, in 1961, civil servant and government officers were provided with social security benefits in sectors of public security, education, health, internal affairs, and state owned enterprises. Since 1975 the social security has been uniformly implemented throughout the country. In 1995, the government has formed the Vietnamese Social Security System which extends coverage to civilian employees and armed forces with five types of benefits including

employment injury.

Administration of EII in Vietnam

The Vietnamese Social Insurance Organization, established in 1995, administers EII in Vietnam. It is under the supervision of the Ministry of Labour, Invalids and Social Affairs (MOLISA). The Social Insurance Management Board comprises representatives from the Ministry of Labour, Invalids and Social Affairs, the Ministry of Finance, the Vietnam General Confederation of Labour, the Chamber of Commerce Industry of Vietnam, the Vietnam Cooperation Alliance, the Social Insurance Organization, and other members assigned by the Government.

History of EI in Vietnam

The social Insurance Law including a chapter on unemployment insurance was passed in 2006 and took effect in 2009.

Administration of EI in Vietnam

DoLISAs (Department of Labour – War Invalid and Social Affairs) are in charge of direct reception and processing UI claims, with the UI departments at ESC (Employment Service Center) are the direct bodies to implement this. However those ESC are under supervision and direction of provincial DoLISAs.

Annex III: Summary of achievements and policy challenges according to DWCP

Below, are the summary achievements and policy challenges of EI and EII implemented in each target countries in alphabetical order, based on the reports on Decent Work Country Programmes (DWCP). Note that reports on Malaysia and the Philippines are not found

Cambodia⁴⁷

Summary of Achievements

ILO has been a partner in Cambodia's economic and democratic recovery since early 1990. It supports the Government, Worker's Organizations and Employer's Organizations to improve quality of employment, social protection and equity for all the Cambodians in a growing phase of economy. The programme in 2009 and 2010 is adjusted to reflect an action plan to mitigate the impact of the financial crisis in the country.

The current DWCP (2008-2010) of Cambodia focuses on three priorities which also reflect the ILO's commitment to the United Nations Development Assistance Framework (UNDAF). These areas are:

- 1) Skills development for productive employment;
- 2) Labour governance and rights;
- 3) Social protection for targeted groups

⁴⁷ More information can be found at http://www.ilo.org/asia/countries/lang-en/WCMS_DOC_ASI_CNT_KHM_EN/index.htm

Policy challenges

Cambodia's present challenges are

1. To increase productive employment opportunities for women and men, youth and people with disabilities, particularly those from rural areas.
2. To improve the respect of the rule of law. More effective labour laws and labour markets institutions and practices must comply with international labour standards.
3. To encourage Government and social partners to adopt and implement policies to improve and protect the rights of children, women, migrant workers and indigenous people.
4. To increase social protection for workers in the informal economy

China⁴⁸

Summary of Achievement

MOU between the Government of China and ILO assistance in China has been signed in order to promote decent work in 2001. The MOU defines the mutually agreed objectives and priorities for cooperation within each of the four strategic objectives of the Decent Work Agenda, which are;

1. Promoting employment, employability and reducing inequalities with focus on the unemployed and internal rural migrants
2. Promoting harmonious labour-management relations and effectiveness of labour market institutions and labour laws, through law reform, collective bargaining, dispute resolution, labour inspection, law enforcement, and tripartite mechanisms
3. Extension and improvement of social protection (social security, safe work, HIV AIDS)

⁴⁸ More information on ILO DWT for China can be found at http://www.ilo.org/asia/countries/lang--en/WCMS_DOC_ASI_CNT_CHN_EN/index.htm

4. Promoting workers rights and fundamental labour principles and rights

Policy Challenges

1. As for Promoting employment, employability and reducing inequalities with focus on the unemployed and internal rural migrants, the challenges to reach the goals are that the labour force supply continues to exceed demand and place pressure on the current employment structure. Small and medium size enterprises will remain important means for employment creation. There is an identification of skill shortages and there is a need to remove restrictions o employment of rural migrant workers seeking for jobs in urban area to eliminate discrimination in employment.

2. As for Promoting harmonious labour-management relations and effectiveness of labour market institutions and labour laws, through law reform, collective bargaining, dispute resolution, labour inspection, law enforcement, and tripartite mechanisms – major challenges that labour legislation has to keep up with transition and meet the needs of the open labour market system.

3. As for the extension and improvement of social protection (social security, safe work, HIV AIDS), the challenge is to promote safe and healthy working conditions for all workers. The nation should raise a campaign of awareness and prevention of HIV AIDS.

4. As for promoting worker's fundamental rights, the country must ensure that its laws and legislations are at the same level with the international standards. This may need law and policy reforms

India

Summary of Achievements

The DWCP-India formulation process was initiated in 2003 with a number of formal and informal consultations within the ILO. A focused and living DWCP-India was adopted in March 2006 with three priorities, i.e.

1. To enhance opportunities for productive work for women and men, particularly for youth and vulnerable groups, especially through skills development
2. To strengthen social protection particularly for the informal economy
3. To eliminate unacceptable forms of work

Policy Challenges

1. To enhance opportunities for women, men, youth and workers in vulnerable groups, analytical studies should be conducted

2. To strengthen the protection for the informal sector, the country need to be equipped with better training and employment services designed for the informal economy

3. To eliminate unacceptable forms of work, the challenge is to give supports to constituents concerning those unacceptable forms of work such as, human trafficking and child labour

Indonesia

Summary of Achievements

The Indonesian Decent Work Country Programme 2006- 2009 has been developed with the ILO constituents. Its priorities are

1. To stop exploitation at work – with special focus on migrant workers
2. To create employment for the purpose of poverty reduction and livelihood recovery, especially for youth
3. To produce a social dialogue for economic growth and principles and rights at work

Policy Challenges

1. To stop exploitation at work, the government should improve labour migrant management for better protection of Indonesian migrant workers. Then a programme needs to be developed on the elimination of child labour.

2. To create employment creation, reduce poverty and recover livelihood, productive and durable employment creation is the only sustainable way out of poverty. There is a challenge with underemployment of youths or under-utilization of youth, particularly whose ages are 19-24 years old.

3. To create social dialogue for economic growth and principles and rights at work. The challenge is to equip monitoring and evaluation system as well as the effective representation of the interest of both employers and employees.

Laos⁴⁹

Policy Challenges

According to

The current sixth 5-year National Economic and Social Development Plan (2006-2010) covers:

- Employment creation;
- Stimulating the investment environment;

⁴⁹ http://www.ilo.org/asia/countries/langen/WCMS_DOC_ASI_CNT_LAO_EN/index.htm

- Strengthening social dialogue;
- Improving social security and expand social protection;
- Promoting safety and health, including HIV/AIDS workplace policy;
- Safe labour migration;
- Lifting Laos off the list of least-developed countries by 2020

Mongolia⁵⁰

Summary of Achievements

DWCP implementation in Mongolia seek to ensure three priorities which are

1. To promote employment in addressing issues of sustainable livelihoods and poverty alleviation in the formal and informal economy
2. To improve working environment and extend protection of workers' rights
3. To strengthen tripartism to support social and economic policy development, implementation and institution reform.

Policy Challenges

1. In order to promote employment in addressing issues of sustainable livelihoods and poverty alleviation, the challenge is to effectively bring into play its potential for job creation and generation of income, while steering it progressively towards formalization and decent work.

2. To improve working environment and extend protection of workers' rights, the Mongolia's labour inspection system's capacity need to be strengthened to keep up with emerge of privatization of large state-owned enterprises and the sharp increase of the self-employed

⁵⁰ More information can be found at http://www.ilo.org/asia/countries/lang--en/WCMS_DOC_ASI_CNT_MNG_EN/index.htm

3. To strengthen tripartism to support social policy development, implementation and institution reform, the challenge lies on the need to create concrete policy measures concerning implementation of tripartite agreement because its tripartism implementation has yet to be acted fully on.

Thailand⁵¹

Summary of Challenges

The current priority areas of ILO work include: expansion of access to social services and social protection. This includes extending and improving the coverage, provisions and governance of social security; assisting the government with measures related to emerging workplace health and safety issues, extending adequate protection to all workers, including migrant workers and those in the informal economy;

Better enforcement of labour inspection. This covers working conditions and legal protection for workers without clearly defined employment relationships;

Strengthening the social partners' institutional capacity relating to core labour standards. This includes support for ratification of the core conventions on freedom of association and collective bargaining (C.87 and C.98), and assistance with the revision of the Labour Relations Act (1975).

⁵¹ More information can be found at http://www.ilo.org/asia/countries/lang-en/WCMS_DOC_ASI_CNT_THA_EN/index.htm

Summary of achievements

The ILO Office in Viet Nam opened in 2003. A national cooperation Framework on Promoting Decent Work (2006-2010) was signed by ILO and its constituents on 12 July 2006. Currently, the ILO's work in the country covers a wide range of areas including social insurance, employment and enterprise development, occupational safety and health, industrial relations and the ratification of ILO Conventions, and the formulations of labour laws. A Decent Work Country Programme (DWCP) is expected to be finalized soon.

Since 2006 Viet Nam has been a One UN pilot country. The ILO has integrated all its activities into the One UN Plan clustered around three strategic priority areas. These include employment and sustainable enterprise development, social protection, and labour market governance. In addition, the core ILO concerns of social dialogue, international labour standards and gender are integrated into each of these priority areas of work.

⁵² More information can be found at http://www.ilo.org/asia/countries/lang--en/WCMS_DOC_ASI_CNT_VNM_EN/index.htm

Annex IV: Additional tables

1) Number of economically active population

Country	Economically active population (persons)			
	2006	2007	2008	2009
Cambodia	6,950,982	7,116,460	7,314,448	7,610,587
China	752,441,414	757,684,490	763,419,158	770,739,878
India	437,788,719	447,643,585	457,591,532	465,707,640
Indonesia	102,767,140	104,362,710	105,877,962	108,403,831
Laos	2,776,040	2,847,460	2,922,863	3,011,978
Malaysia	10,952,134	11,188,584	11,431,407	11,697,987
Mongolia	1,253,686	1,344,869	1,371,180	1,408,271
Philippine	34,746,530	35,465,749	36,449,471	37,364,855
Thailand	36,058,891	36,650,691	36,982,198	37,123,206
Vietnam	43,288,610	44,245,622	45,256,383	46,284,069

2) Number of covered persons

2.1) UI

Country	Number of covered persons			
	2006	2007	2008	2009
China	111,866,000	116,446,000	123,998,000	....
India	....	....	....	....
Mongolia	436,500	484,900	602,200	....
Thailand	8,537,801	8,781,262	8,779,131	8,680,359
Vietnam	....	....	....	129,317

2.2) EII

Country	Number of covered persons			
	2006	2007	2008	2009
Cambodia	....	....	264,523	294,967
China	102,685,000	121,730,000	137,872,000	....
India	910,000	10,100,000	12,100,000	....
Indonesia	23,081,367	23,729,950	26,626,815	29,030,673
Laos		36,160	42,959	47,067
Malaysia	5,454,799	5,450,943	....	....
Mongolia	436,500	484,900	602,200	....
Philippine	7,992,025	9,100,000	....	....
Thailand	7,992,025	8,178,180	8,135,606	7,939,923
Vietnam	6,200,000	7,800,000	8,300,000	....

3) Number of beneficiaries

3.1) UI

Country	Number of UI beneficiaries			
	2006	2007	2008	2009
China	3,265,000	2,861,000	2,612,000	2,541,364
India	....	....	....	....
Mongolia	8,600	....	....	....
Thailand	39,902	56,581	71,951	139,165
Vietnam	....	....	....	7,867

3.3) EII

Country	Number of EII beneficiaries			
	2006	2007	2008	2009
Cambodia	....	....	....	934
China	778,000	960,000	1,178,000	....
India	....	....	....	....
Indonesia	95,624	83,714	93,823	96,314
Laos	....	324	348	42
Malaysia	....	286,691	....	....
Mongolia	5,179	5,312	....	....
Philippine	44,899	38,991	41,162	36,036
Thailand	204,257	198,652	176,502	149,436
Vietnam	....	.....	5,836	.....

4) Benefits expenditure

4.1) UI

Country	Benefit expenditure (National currency unit)			
	2006	2007	2008	2009
China	19,800,000,000	19,800,000,000	25,350,000,000	....
India	40,000,000	....	....	....
Mongolia	1132200000	....	....	....
Thailand	1207650000	1,879,510,000	2420430000	5728750000
Vietnam	....	....	....	....

4.2) EII

Country	Benefit expenditure (National Currency Unit)			
	2006	2007	2008	2009
Cambodia	....	....	187,827,000	....
China	....	8,790,000,000	12,690,000,000	....
India	....	....	....	....
Indonesia	....	234,269,000,000,000	292,027,000,000,000	....
Laos	....	115,315,348	162,359,488	143,731,978
Malaysia	959,593,556	1,061,360,990	1,187,124,992	....
Mongolia	....	....	....	....
Philippine	1,070,400,000	1,081,200,000	1,097,000,000	1,086,000,000
Thailand	1,984,210,000	1,734,900,000	1,688,350,000	1,569,180,000
Vietnam	....	....	....	....

5) Contribution income

5.1) UI

Country	Contribution income (National currency unit)			
	2006	2007	2008	2009
China	40,240,000,000	47,170,000,000	....	....
India	....	....	....	....
Mongolia	2,616,900,000	....	....	....
Thailand	8,937,000,000	9,542,000,000	10,156,000,000	10,343,000,000
Vietnam	....	....	....	3,066,000,000,000

5.2) EII

Country	Contribution income (National Currency Unit)			
	2006	2007	2008	2009
Cambodia	.....	.....	852,944,500	315,632,400
China	....	16,560,000,000	21,670,000,000	....
India	....	32,628,700,000	36,985,300,000	....
Indonesia	....	756,239,000,000,000	976,163,000,000,000	....
Laos	....	1,497,341,633	1,878,895,620	2,090,496,112
Malaysia	1,586,148,479	1,689,568,125	1,836,483,286	.....
Mongolia	.....	.....	.....	.....
Philippine	910,200,000	1,059,600,000	1,211,100,000	1,183,900,000
Thailand	2,769,610,000	2,870,540,000	2,875,290,000	2,976,390,000
Vietnam	10,000,000,000	50,000,000,000	73,000,000,000	....

