

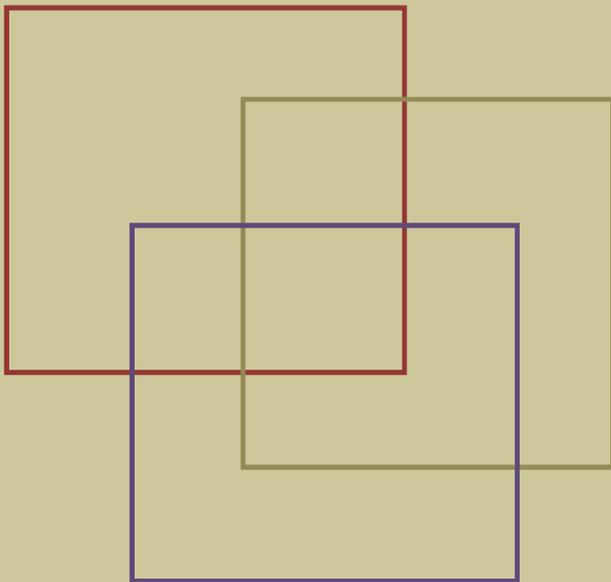


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18 Month Review and Evaluation of the Unemployment Insurance Scheme in Vietnam



Principal author:

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December 2011

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**18 Month Review and Evaluation
of the Unemployment Insurance Scheme
in Vietnam**

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December 2011

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Acronyms

ASEAN	Association of Southeast Asian Nations
ALMP	Active Labour Market Policies (or Programs)
DoLISA	Department of Labour, Invalids and Social Services (provincial-level departments, Vietnam)
ESC	Employment Service Centre
BoE	Bureau of Employment
HI	Health Insurance
ILO ROAP	International Labour Organization – Regional Office for Asia and the Pacific
LMI	Labour Market Information
MoHA	Ministry of Home Affairs
MoLISA	Ministry of Labour, Invalids and Social Services (central government of Vietnam)
OSEC	Office for Social Evaluation and Consultancy
PGCL	Provincial General Confederation of Labour
PPC	Provincial People’s Committee
PSI	Provincial Social Insurance (also known as Provincial Social Security)
ROAP	ILO Regional Office for Asia and the Pacific (in Bangkok)

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RoE	Record of Employment
SI	Social Insurance
UI	Unemployment Insurance
VCCI	Vietnam Chamber of Commerce and Industry
VGCL	Vietnam General Confederation of Labour
VSS (or VSI)	Vietnam Social Security (also known as Vietnam Social Insurance)

NB – at August 28, 2011, the currency exchange rate was VND 20,800 = 1 USD

EXECUTIVE SUMMARY

1. Introduction

In Viet Nam, the unemployment insurance (UI) scheme was launched on 1 January 2010. The Bureau of Employment (BoE) under the Ministry of Labour, Invalids and Social Affairs (MoLISA) has overall responsibility for administering the UI legislation. Vietnam Social Security (VSS), an agency reporting to the Prime Minister, is responsible for collecting contributions and disbursing benefits. Over the past 18 months, Employment Service Centres (ESCs) of the Departments of Labour, Invalids and Social Affairs (DoLISAs) of Viet Nam have processed an impressive 373,087 applications and made 294,763 decisions to pay benefits to unemployed workers.

In addition, BoE have initiated a number of changes to improve the administration of the UI program over the past year such as:

- developing a new circular 32 which streamlines procedures in service delivery,
- proposing amendments to Decree 127 including extending the period for registration from 7 working days to 90 calendar days,
- piloting two national sites of a new computer system for national rollout,
- working diligently with stakeholders to improve communications concerning the policies and procedures of UI claims,
- working with stakeholders to resolve the problems associated with the late submission of SI book to Employment Service Centres (ESCs).

Earlier, in June, 2010, a six month evaluation was carried out to look at the results of the implementation. The study identified a number of problem areas: 1) delays in obtaining the Social Insurance (SI) book, 2) the need for additional staff for larger ESCs; 3) the need to streamline and standardize workflows and procedures; 4) speed and quality of payment and 5) distinguishing between voluntary quitters and job loss.

The ultimate objective of the 18 month review and evaluation exercise is to improve the UI scheme performance in delivering services. More specifically, the study aimed at identifying and refining the analysis of selected operational and design priority issues (notably quality and workflow).

2. Findings and Recommendations

2.1 *Decision Making on UI Eligibility and Benefits Calculation*

ESCs report directly to DoLISA and BoE (MoLISA) plays a collaborative role in providing advice and guidance to the ESCs. As a result, ESCs frequently receive conflicting advice on claims processing from BoE and DoLISA. For the long term, it is recommended to amend the legislation so that only BoE will be authorized to provide policy and operational guidance to the ESCs for UI claims processing.

Adding to the problem is the cumbersome process of sending UI claims calculated, assessed and recommended for payment by ESCs to the Director of DoLISA for signing. In the short term, it is suggested that lists of unemployed workers (in place of actual claim dossiers) be sent to the Director of

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DoLISA and that only one signature per list be sufficient to authorize payment for UI benefits to all listed workers. A longer term solution would be to have the ESC Director sign the decision thereby effectively streamlining the process as well as consideration be given to eventually delegate decision making to competent senior staff members .

2.2 UI Benefits Payment

Problems have been identified relating to inconvenience and burdens (e.g. delays and financial cost to travel from one office to the other) for the unemployed to register at the ESC and receive UI benefits from the PSI/district or commune levels. In addition, it has also been reported that many unemployed workers are referred back and forth between ESCs and PSIs when payments are delayed. Finally, the common practise of SI schemes to issue payment once a month on a fixed day compounds problems for UI participants. UI is a unique social benefit where qualified unemployed workers require speedy payment during difficult times and have no other financial support.

Therefore, in order to establish a one-stop-service for unemployed workers relating to UI matters, it is recommended in the short term to allow PSI to continue UI payments but to allocate one PSI representative to front end of ESC (5 days a week for larger and medium sized offices; two or three days a week for smaller offices) to provide assistance to workers who face delays in payment and hand over the UI card. It is further recommended in the short term to conduct a feasibility study to determine staffing, financial, administrative and database implications of transferring UI payment responsibility to ESCs.

2.3 UI Coverage and Collection of Contributions

The consensus from virtually all stakeholders spoke of the need to eliminate the 10 employee rule in the interest of fairness and also to expand the UI coverage to its fullest extent. Relating to the issue of collection of contributions, problems have still been identified with employers failing to remit contributions (20% nationally – 30% in Da Nang) either intentionally or because of financial difficulties. This has created a twofold problem: 1) loss of revenue for the UI fund and 2) loss of coverage for the unemployed worker many of whom are in a vulnerable situation. In the short term, the study recommends that more emphasis be placed on administrative penalties (proportionally to the missing contributions rather than the existing flat rate) for employers who are delinquent in their payments. In parallel, efforts to strengthen the DoLISA's inspection and control unit and relevant PSIs unit should be increased. For the medium term, it is recommended to consider employment insurable in those cases where the employer has intentionally or unintentionally failed to remit their contributions in a timely manner. Regarding recording of employers failing to remit premiums, VSS only captures statistical information relating to employers who have submitted their registration for premium collection but they do not have specific information on employers who fail to submit premiums. It is recommended that VSS commence capturing as soon as possible the names of all employers who are delinquent in their premium payments as well as amounts of outstanding premiums.

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2.4 Inspection and Control Inspectorates

Within MoLISA (DoLISA) and the PPC, inspection and control inspectorates are responsible for investigating violations of labour laws. However, there seems to be a lack of initiative in dealing with delinquent employers and imposing adequate fines to deter abuse of the law. The complexity of overlapping responsibilities also appears to complicate the implementation of effective deterrence provisions.

It is recommended that a manual of procedures be developed for ESC staff to refer possible cases of abuse of the UI fund to be further investigated by inspection and control inspectorate of DoLISA. Early consideration should also be given to the establishment of an inspection and control unit within ESC.

2.5 Voluntary Quitters

The inclusion of those who voluntarily quit their position without reduced benefits is still currently outstanding. Moreover, with UI benefits increasing to 6 months (for those who have 36 to 71 months of insured employment), a response is needed to address this issue which affects the credibility and may put at risk the sustainability of the scheme. The stakeholders' consultations spoke of a reduction of benefits instead of denial of benefits to those who voluntarily quit their job. This proposal is in line with the ILO Conventions related to UI benefits¹.

2.6 Lump Sum Provisions

Compounding the situation with voluntary quitters, the UI scheme in Vietnam provides that individuals can receive their remaining UI benefits in a lump sum once they find employment or start military service, even if they return to work with the same employer. Many stakeholders have expressed the concern that these two provisions (lump sum and "no reduced benefits") run contrary to the principles of unemployment insurance in its present state.

The situation of lump sum payments, at the time of writing this report, is more critical as UI benefits will be increasing to 6 months as of 1 January 2012. We strongly recommend conducting an actuarial assessment in order to review the lump sum provisions once sufficient data is available in the second or third month of 2012.

2.7 Social Insurance (SI) Book

The six month review report highlighted a number of problems such as delays in obtaining the SI Book and these delays have been repeatedly cited as preventing many unemployed workers from qualifying for benefit. Since then, the problems have been significantly reduced due to the implementation of some of the following recommendations. For example, a special temporary document is certified by PSI within 2 days of receiving the SI Book and forwarded to the employer, then to the unemployed worker and finally to the ESC. The present report provides longer term solutions to streamline the

¹ Namely, the Social Security (Minimum Standards) Convention, 1952 (No.102) and the Employment Promotion and Protection against Unemployment Convention, 1988 (No.168).

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procedures for obtaining premium information. It could be done either through a linkage of databases with ESC/PSI or BoE/VSS or replacing the SI Book with a Record of Employment (RoE).

2.8 Monthly Reporting on Job Seeking Activities

The number of unemployed workers reporting monthly to the ESC office is growing substantially, especially in larger ESCs. This number will increase in the coming year as some unemployed workers will be entitled to 6 months of benefit.

A number of short and medium term recommendations have been suggested to alleviate this situation including the creation of a telephone unit for monthly reporting of rural unemployed workers as well as computer enhancements².

2.9 Filing/Archiving UI Dossiers

An essential part of the processing of applications for UI allowance and other types of benefit is the filing and archiving systems³. Throughout the process, documents need to be continually filed. To compound the issue, ESCs find it difficult to retrieve files.

BoE will be training staff in the near future to improve the filing system. In the long term, it is recommended developing a full electronic system to replace the current manual system of storing files (including scanning of documents). A computer program should also be developed to identify claims dormant up to 12 years and ready to eliminate from filing system.

2.10 Vocational Training

The report points out the low attendance rate at training courses.

The provisions on vocational training have been in effect since the implementation date of 1 January 2010 but few unemployed workers have applied and been approved to attend a vocational training course. Statistics from January 2010 to June 2011 show only 534 unemployed workers have been approved for vocational training – only 0.2% of all those 294,763 approved to receive unemployment allowance. According to BoE's one year report, the numbers accepted for vocational training is low because there is still a high demand for lower skilled workers in the labour market; support for vocational training appears insufficient and too short to complete a course; also the quality of vocational training is lower than the expectation of workers. Also, many unskilled workers have no savings and require a job immediately.

² Article 11 of Circular 32 highlights the flexibility of ESCs to administer the procedures for monthly reporting on job seeking activities. The date that unemployed labourers need to come to ESC for monthly reporting on job seeking should be decided by ESC.

³ HCMC and Hanoi have registered a total of 128, 479 unemployed workers and processed 103,154 claims for payment.

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2.11 Other Issues

2.11.1 Appeals

Since the launch of the scheme, no appeal has ever been received which may cast doubt on the very existence of an effective appeal system in its present form.

2.11.2 Quality Control Program

The 18 month report attempts to build on the quality monitoring of ESC claims for benefit during the field study. Templates were developed to assist in the monitoring which could be utilized in a full quality monitoring program throughout the country.

2.11.3 Training of Newly Hired Staff

It has been reported that only 50% of newly hired staff at ESCs have received their formal training. The Office for Social Evaluation and Consultancy (OSEC) is currently conducting, with ILO's support, a deep training needs assessment of UI and ESC staff that will serve to develop a training plan to increase the contribution of employees providing quality service.

2.11.4 New Procedures of Unemployed Workers Failing to Collect UI Benefits

The current procedures are silent on the issue when an unemployed worker, for a variety of reasons (found full time work, accident or injury, death, moved to another province etc.), fails to collect the UI allowance or other UI benefits to which they were entitled.

2.11.5 Enhancements to the UI Computer System

Since the six month report, the computer system has been implemented at two national pilot sites – HCMC and Binh Duong which, overall, provide satisfactory support to the UI staff to faster process and calculate claims for UI benefit. However, HCMC ESC reported a number of gaps which will require quick adjustment of the IT system.

2.11.6 Staffing issues at HCMC

The issue of staff under-capacity was already highlighted in the six month review in large ESC such as HCMC and Da Nang. The shortage situation will be exacerbated next year when beneficiaries will be entitlement to 6 month benefits so requested to report three additional times to the ESC. In addition, HCMC ESC Director has expressed concern relating to finding and keeping good staff members to work at this ESC due to low wages. The ESC's proposal to BoE is to use any savings from operational costs to support salaries of employees especially those who require high skills such as an IT engineer.

2.11.7 Communication: Dissemination of Information

This is an ongoing issue since the six month report. There is a continuous need for communicating the UI policies and procedures at all levels concerning claims processing. Although several workshops were

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conducted jointly between DoLISA and PSI or ESC and PSI to explain about UI procedures for workers to apply for benefits, there is still a need to raise awareness and understanding of workers and employers on the UI program.

3. Conclusion

While the six month review and evaluation was much broader in scope, the 18 month study provided an opportunity to examine in detail problems which are negatively impacting on claims processing and service delivery. This field study has demonstrated many positive aspects of the Vietnamese UI program such as effective linkages between BoE/ESCs/DoLISAs/PSIs, diligent work of ESC staff in dealing with substantial number of unemployed workers reporting monthly and PSI/ESCs/DoLISAs working together to overcome problems associated with the delays in obtaining the SI book.

But, serious problems exist and need to be addressed in the short, medium and long term. The workflow for processing UI claims for benefit needs to be streamlined with cumbersome policies and procedures eliminated. The timeliness and accuracy of UI payment is a major issue. There is a vital need for inspection and control units to investigate cases of delinquent employers and fraudulent claims for benefit by workers as well as other abuses of the UI fund. The issues of voluntary quitters need to be addressed quickly as well as lump sum provisions and the monthly reporting of unemployed workers. Action needs to be taken on improving the attendance of unemployed workers for vocational training.

The 18 month review and evaluation of the Vietnam UI program makes a number of recommendations to address these serious issues. BoE has demonstrated during the implementation of UI that it has the ability to overcome obstacles. Their ability and firm commitment allowed them to achieve a successful implementation of the UI scheme. It also reveals positive prospects that the outstanding issues will be resolved in a timely and efficient manner so the Vietnamese UI program can effectively deliver and extends its services in the years to come.

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18 MONTH REVIEW REPORT OF UI PROGRAM

IN VIET NAM

1. Introduction

After a successful implementation of the Unemployment Insurance (UI) scheme commencing January 1, 2010, we have seen dramatic increases in the number of unemployed workers involved in the UI program over the past six months. When comparing the period of the last six months in 2010 to the first six months in 2011, the number of registrations has increased nationally by 66%. In addition, we have seen increases in the number of unemployed workers applying for UI (+39%) and the number of those receiving UI payments (+20%).

These increases have led to new challenges to be addressed in the near and distant future. This report provides an in depth look at the key issues and suggests recommendations for improving the UI program in the short and long term.

Over the past 18 months, Employment Service Centres (ESCs)/Departments of Labour, Invalids and Social Affairs (DoLISAs) processed an impressive 373,087 applications and made 294,763 decisions to pay benefits to unemployed workers.

BoE has initiated a number of changes to improve the administration of the UI program over the past year. In October 2010, a new circular 32 (replacing circulars 34 and 04) was issued to streamline the procedures of the UI scheme. It clarified the function of the PSI, and moved some of its responsibilities and functions to ESC. In addition, the new Circular clarified that the unemployed workers already receiving a pension, notably old-age or disability, are not eligible to UI benefits. Finally, prior appraisal by DOLISA officials on UI eligibility before DoLISA Director's final decision was removed in order to improve efficiency and speed of UI claims processing.

BoE has also proposed several amendments to Decree 127 which details and guides the implementation of the SI Law provisions related to UI. It is proposed to increase the period of registration from 7 working days to 90 calendar days; also, a worker could submit a "certified SI book" or a document "certifying UI premiums" in order to streamline the application process. A complete list of proposed amendments is presented under Appendix "A".

A new computer system has been piloted in Ho Chi Minh City and Binh Duong. Positive feedback from the two ESCs recommends replication at the national level to allow improved UI claims processing. BoE also revised the manual for UI claims processing by providing updated guidance to UI staff on various issues related to the general rules and procedures.

All stakeholders worked diligently to improve the communication and information related to UI policies and procedures. As a result, awareness among workers and employers about their rights and obligations - especially the requirement to register for unemployment immediately after termination in order to qualify for UI benefits- has increased significantly. In addition, BoE worked with PSI, ESCs and DoLISAs to overcome delays in submitting the SI Book.

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Vietnam implemented a UI scheme to strengthen the social security protection for unemployed workers and, pursuant to the Law on Social Insurance⁴ and to the UI Decree⁵, contributions under the scheme started on January 1, 2009 and benefits started to be paid on January 1, 2010. The Bureau of Employment (BoE) under the Ministry of Labour, Invalids and Social Affairs (MoLISA) has overall responsibility for administering the UI legislation. Vietnam Social Security (VSS), an agency reporting to the Prime Minister, is responsible for collecting contributions and disbursing benefits.

The International Labour Organization (ILO) assists the country of Vietnam in implementing such projects. Both the ILO Regional Office for Asia and the Pacific (ILO ROAP) and the Office for Vietnam (ILO Hanoi) have committed efforts to improve the UI scheme for the future. Although support to the UI scheme in Vietnam has started since the early premises, additional resources were mobilized through the ILO/Japan Multilateral Program to pursue and strengthen ILO's technical assistance in this area.

In June, 2010, a six month evaluation was carried out to look at the results of the implementation and identified a number of problem areas in the administration of the UI claim for benefit. The problem areas included the following:

- Delays in obtaining the Social Insurance (SI) book prevent many unemployed workers from qualifying for UI benefits (many PSI offices now prioritize UI from other SI benefits and provide a temporary document allowing the worker to register while awaiting the SI Book from the employers);
- Additional staff and resources are needed for larger ESCs to deal with heavy volumes of registrations and UI applications (additional staff provided in December 2010);
- Communications during and after the implementation period was good but required an ongoing and sustained effort;
- The review identified the need to streamline and standardize workflows and procedures such as timeframes for registration and application to UI benefits (BoE have proposed to increase time to register to 90 days) as well as for reporting monthly on job seeking activities (extended from 1 day to 15 days);
- There is no information and data to monitor the speed and quality of UI benefits payment;
- The scheme does not make any distinction between quitters and involuntary job loss;
- The UI coverage should be extended by eliminating the restrictive 10 employee rule for employers to be considered as insurable; by improving premiums collection among employers delinquent in remitting their contributions either intentionally or due to economic hardships;

⁴ Law on Social Insurance No. 71/2006/QH11, adopted June 29, 2006.

⁵ Decree detailing and guiding the implementation of a number of articles of the Social Insurance Law concerning Unemployment Insurance, No. 127/2008/ND-CP, adopted December 12, 2008.

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- The organizational structure and division of responsibilities between BoE and DoLISA while overseeing ESCs and processing the UI claims should be clarified;
- Unemployed workers must turn in their Health Insurance (HI) cards when they terminate their employment. Those HI cards will later be returned to them and their coverage reinstated, if and when they qualify for UI. The coverage should be extended by one month after termination date;
- There is a need to establish an investigation and control unit as UI can be easily misused, wilfully or by error.

BoE One Year Evaluation:

BoE undertook an internal one year evaluation of the UI scheme (1 January 2010 to 28 February 2011). The report collected the following data on premium collection and expenditures for the years 2009 and 2010:

Premium Collection:

- 1- 2009: 3,510 billion dong (1,170 billion dong from the State)
- 2- 2010: 4,800 billion dong
- 3- Total: 8.3 billion dong (2,388.8 billion dong from the State)

Expenditures:

- 1- 2009/2010: 435.78 billion dong (609 billion dong reported from VSS meeting dated Aug 2, 2011 which could include cost of UI administration).

The report also mentioned about the very good collaboration between all stakeholders especially in dealing with communication and dissemination of information.

No appeal was received from unemployed workers who did not qualify for benefits or whose benefits were suspended or terminated. It is of great concern given the number of persons who did not qualifying for benefits from Jan. 2010 to June 2011 (21,595 did not qualifying, without including suspension or termination, among the 316,338 applications). One explanation can be that the worker abandoned the claim after registering. However, in most cases, the ESC Director assessed that they were not eligible to UI benefits. In such circumstances, it would be expected that denied workers will appeal on DoLISA's decision.

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Statistical Report on Claims Processing from BoE

	In 2010		From January to June 2011		At 18 months (June 2011)	
	regions	decisions	regions	decisions	regions	decisions
Hanoi	4,043	3,335	6,482	5,468	10,525	8,803
HCMC	59,142	52,201	58,812	42,150	117,954	94,351
Binh Duong	46,919	30,331	38,531	21,075	85,450	51,406
Dong Nai	18,745	13,840	18,990	11,723	37,735	25,563
Long An	6,421	6,171	5,842	4,366	12,263	10,537
Total 5 regions	135,270	105,878	128,657	84,782	263,927	190,660
National total	190,965	156,460	182,122	138,303	373,087	294,763
Percentage of the 5 regions/national	71%	68%	71%	61%	71%	65%

In Vietnam, there are 63 ESC provincial offices processing registrations and UI applications for benefit. The above mentioned chart identifies the five largest ESCs who process the vast majority of registrations for employment and issue decisions for payments. These large ESCs face unique problems because of the overwhelming numbers of UI claims and dealing with substantial numbers of unemployed workers reporting in person to ESCs.

For example, Hanoi and Ho Chi Minh City offices identified two serious concerns relating to claims processing: 1) the number of monthly reporting for job seeking activities is overwhelming the staff at these ESCs (see section 2.8- Monthly Reporting on Job Seeking Activities) and 2) there is difficulty in hiring and keeping staff due to low wages (see section 2.11.6 – Staffing issues at HCMC)

The review, findings and proposals took into account ILO social security standards, namely the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168).

ILO Convention 102 is in particular considered “the flagship of all ILO social security Conventions, as it is the only international instrument, based on basic social security principles, that establishes worldwide-agreed minimum standards for all nine branches of social security.”⁶ ILO Convention 168 and its Recommendation No.176 set higher standards regarding unemployment benefits, mainly but not only applicable to industrialised countries.

⁶ Quoted from the ILO website. In 2002, the ILO Governing Body further affirmed that Conventions 102 and 168 were two of the six conventions that could be deemed up-to-date social security conventions. See: “Setting Social Security Standards in a Global Society, An analysis of present state and practice and of future options for global social security standard setting in the International Labour Organization”, ILO, Geneva, 2008, page 6 (link: <http://www.ilo.org/public/english/protection/secsoc/downloads/policy/policy2e.pdf>)

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1.1 Objectives of the Review Study

The overall objective of this review and evaluation exercise is to improve the UI scheme performance in delivering services and ensure its sustainability.

The first specific objective is to identify and refine analysis of selected priority operational and design issues. Preliminary discussions with BoE identified two major areas to study which are workflow and quality issues. They see the ESC as a single window service for unemployed workers and plan to eliminate a number of barriers to improve client service by streamlining procedures and workflows.

The second objective is to propose and assess feasibility and applicability of possible solutions, learning from international practices. Seven countries were selected based on particular features relevant with possible applicability to Vietnam, covering a broad range of UI schemes throughout the world. These countries are Argentina, Bahrain, Canada, Denmark, France, South Korea and Thailand.

The third objective aims to recommend an implementation plan for proposed measures and would be presented to the stakeholders at a workshop.

The fourth and final objective for the review study is to enhance the understanding of MoLISA officials and other stakeholders on the proposed alternatives to improve the UI scheme management model.

The main difference between the six month and 18 month reviews is a deeper analysis of the important issues which have not been resolved since the first report as well as the identification of new issues and recommendations for improving the UI program in Vietnam for the next 5 to 7 years. Information to assess the design of the reporting structures was not available to the consultants a year ago.

1.2 Members of the Review Study Team

The review team consisted of an international consultant, two representatives from the ILO, Vietnam Social Insurance (VSS) and Bureau of Employment officers. The participants on the team were as follows:

- John Carter, Leader of the review team, ILO Consultant;
- Celine Peyron Bista, CTA, ILO ASEAN UI Project, ILO ROAP;
- Ngo Thi Loan, National Project Co-ordinator, ILO Office for Viet Nam;
- Mrs. Nguyen Thi Thanh Huong, Officer, UI section under the department of policy implementation, VSS;
- Mr. Tran Huu Trong, Vice Director, UI Office – BoE;
- Mrs. Khuong Thi Kieu Oanh, Head of technical unit, UI office, BoE;
- Mr. Pham Xuan Vinh, Deputy Head of technical unit, UI office, BoE;
- Mrs. Luu Luyen Quynh Dung, Official, the section of labor management and UI policy, BoE;
- Quach Thi Thanh Nguyet, Technical Officer at UI office, BoE;
- Vu Thi Thanh Hoa, Interpreter.

The participation of Mrs. Huong from VSS was very much appreciated and provided us with insight from their perspective and she was an active participant during the discussions with various

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stakeholders. Her presence brought a certain amount of objectivity to the team mainly comprised of BoE representatives.

1.3 Methodology for the Review Study

Please refer to [Appendix "B"](#) for the complete itinerary.

Prior to the field study, the consultant studied, analyzed and prepared a synopsis of the history, policies and procedures of seven selected countries. A comparison of these countries to UI in Vietnam was also developed to promote discussion at the debriefing workshop on issues such as benefit rate and duration, coverage and administrative responsibilities as well as advantages and disadvantages of each UI system. The consultant prepared a vision of UI in Vietnam in 4 to 5 years - a somewhat idealized view of how streamlined UI processes might look at the Bureau of Employment, at some future date and using automated systems. Finally, a plan was developed to implement proposed changes to UI over the coming years.

The field study occurred between Monday1 to Thursday August 2011.

Meetings for the first few days took place in Hanoi with the Bureau of Employment (BoE) management and staff responsible for the implementation of the UI scheme. Discussions were held with Director Mr. Dai Dong who concurred with the objectives and framework for the review.

Following this meeting, the members of the evaluation team received initial training on proper quality monitoring of claim files as well as a review and discussion of the worker survey questionnaire. In addition, ongoing meetings with the team occurred after each visit to Ho Chi Minh City, Da Nang and Hanoi to review and discuss the issues raised in each city as well as receive and discuss the results on quality monitoring and the worker survey. Some members of the review team attended the all stakeholder meetings and discussions. Other members conducted quality monitoring of UI claims for benefit or interviewed unemployed workers in order to assist in the completion of the worker survey (when not attending all stakeholders meetings).

First, consultation meetings were held with Mr. Hume (responsible for UI procedures) and Mr. Trung (responsible for UI policy)

Vietnam Social Security (VSS) plays a major role in administering UI and is responsible for the collection of contributions and disbursement of UI benefits to unemployed workers. Two separate meetings were held with collections and payment to discuss mutual concerns especially employer compliance in paying premiums and the payment process.

Tripartite consultation meetings took place in each city to collect feedback and suggestions on the UI scheme performance. The all stakeholders meetings were followed by bilateral discussions with relevant players when there was a need to collect deeper information.

The following list of stakeholders attended the joint consultation or the bilateral meetings:

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Ho Chi Minh City: Department of Labour, Invalids and Social Services (DoLISA), Employment Service Centres (ESCs), Provincial Social Insurance (PSI), vocational training representatives and a representative of a vocational training centre;

Da Nang: DoLISA, ESC, PSI, Provincial General Confederation of Labour (PGCL), one employer: Import/Export Sea Products and a representative of a vocational training centre;

Hanoi: BoE, DoLISA, ESC, PSI, VGCL/PGCL, VCCI and two employers: Joy Stock Co of Hanoi and Le Minh Hinh.

A field study of four Employment Service Centres was arranged in the cities of Hanoi, Ho Chi Minh City (two offices) and Da Nang. One ESC in HCMC (Phu Duc) is a satellite office and only receives registrations and UI applications which are forwarded to the main HCMC office for processing.

In addition, meetings with stakeholders were arranged with:

- Vietnam Chamber of Commerce and Industry (VCCI) – Hanoi
- Vietnam General Confederation of Labour (VGCL) – Hanoi
- Vocational Training Centres – HCMC and Da Nang

The discussions with stakeholders dealt with a number of issues such as coverage, collection of premiums, UI payments and other pertinent issues to the stakeholders.

A questionnaire had been developed for the six month evaluation in order to obtain feedback from unemployed workers on their opinion of the level of service they received from the ESC (see [Appendix "C"](#)). The questionnaire was modified for this review after feedback from unemployed workers and ESC staff who suggested additional questions for information from the workers.

A quality monitoring sheet was developed to assist those who were monitoring UI claims for benefit as well as a consolidated report on the results of the monitoring.

Finally, a debriefing workshop was held in Hoa Binh on August 18 to discuss some of the preliminary findings from the review along with possible solutions. The workshop was attended by some 40 people, most of them ESC managers as well as DoLISA and VSS officials, plus an official from the Government Office, Ministry of Finance, VGCL and representatives from ILO. Celine Peyron Bista, Chief Technical Advisor, of the ILO/Japan ASEAN UI Project, presented the relevant ILO conventions (Convention No.102, 1952 and Convention No.168, 1988) as a benchmark while considering the revision of the UI scheme in Vietnam. A presentation was made on UI in other countries which was well received by the participants. Participants were also invited to share their impressions and comments on the presentations, findings and recommendations.

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1.4 Results of Survey of Unemployed Workers

See Appendix “D” for the consolidated responses from unemployed workers to the questionnaire (not all responses listed as there was insufficient information from unemployed workers).

The worker survey was carried out by Mr. Tran Huu Trong and Quach Thi Thanh Nguyet of the evaluation team during the field study trip to Ho Chi Minh City, Da Nang and Hanoi.

A survey of unemployed workers had been completed during the six month evaluation and it proved to be beneficial. Unemployed workers who were receiving UI benefits provided comments on the service delivered by ESCs. They also provided useful suggestions for improving the UI program from their perspective. However, the sample interviewed was too limited and it was decided to conduct a follow up survey with workers. Therefore, a survey of unemployed workers was conducted during the field trip to Ho Chi Minh City, Da Nang and Hanoi ESCs. The survey questionnaire was amended to include further details relating to payment, vocational training and job seeking services. It provided an opportunity for BoE staff to determine the level of service received by unemployed workers at the different ESCs.

A total of 96 surveys were completed by the unemployed workers (Hanoi – 31, Da Nang – 32 and HCMC – 33).

Overall, the workers were satisfied with i) the location of the ESC, ii) the service provided by ESC staff in a courteous manner and iii) the quality of service relating to job seeking activities. An overwhelming majority feel that they left the ESC satisfied with the service they receive.

They also were knowledgeable about UI coverage and the amount of premiums paid. The majority of workers received information about the UI program and filing procedures via their employer. Some received their information from friends with a small number from mass media. We learned during the field trip that DoLISA and employers have been working closely in the three ESCs to keep the employer community updated on UI policies and filing procedures so this is not surprising. Most of the mass media was done before and during the first six months of implementation. Based on the comments from the workers to improve communications, many wanted additional information on UI policies via mass media on a continuing basis.

Of particular concern in the survey is the question of the employers providing the SI book and letter of termination in a timely manner. While most workers in Ho Chi Minh City and Da Nang received their SI book and letter of termination timely, 10 workers in Hanoi indicated that employers did not comply with the law in issuing the SI book/termination letter. The 10 Hanoi workers are from different districts (Districts of Quoc Oai, Hoai Duc, Soc Son etc) and from different employers. Among the 10, 4 are low skilled workers while the remainder are highly skilled and highly paid. These workers did receive the temporary document from PSI certifying the UI premiums contribution and the ESC/DoLISA allowed the claim without waiting for the SI Book. Seven of the 10 workers were actually in the office for their second monthly visit on job seeking activities.

Other suggestions for improvement from workers were to shorten time frames for waiting for payment and reduce the number of times to report to the various departments and employer. Another

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suggestion was to simplify the process where payment could be made at the time of receiving their decision. A final suggestion proposed to have one agency handle all tasks from registration to payment.

There was insufficient information concerning vocational training and dates of payment to comment in this report.

Due to the low number of surveyed workers, the results need to be qualified but it offers some interesting information from the perspective of the unemployed workers concerning the UI program and the service provided by the Bureau of Employment. It's recommended to conduct a national survey with an external consulting firm to administer the survey. Employers could also be included in the survey to present their views on the UI program on a continuing basis. An external consulting firm would provide an objective and unbiased approach to validate the quality of service given by ESCs.

1.5 Quality Monitoring Results

See Appendix "E" for the issues to be monitored for individual UI claims for benefit.

The monitoring was conducted by Mr. Pham Xuan Vinh and Mrs. Khuong Thi Kieu Oanh of the evaluation team during the visits to ESCs in Hanoi, Ho Chi Minh City and Da Nang.

One of the specific objectives of the review and evaluation of the UI program was the monitoring of claims for UI benefit to determine the quality of claims processing as well as the quality of payment of UI benefit. Dossiers were randomly selected for the quality of claims processing by selecting claims from lists of unemployed workers for various times since the implementation of the UI scheme. The dossiers were monitored in the ESC offices and all claims selected from lists were available for the monitors.

A list of issues was monitored for each UI claim which followed the flow of the UI process from registration to final decision. The monitors also ensured that adequate documentation was on the dossiers to support the decision of UI payment. A monitoring sheet was attached to each claim file monitored. The number of UI dossiers monitored was as follows (See Appendix "F" for the results of the monitoring):

- Hanoi: 39 dossiers
- Da Nang: 24 dossiers (one monitor sick this day)
- HCMC: 44 dossiers

TOTAL: 107 dossiers

The results were as follows:

Issue	HCMC	Da Nang	Hanoi	National
Total Dossiers (claims) monitored	44	24	39	107
Dossiers with "Pay Affect Errors"	0	1	3	4

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Dossiers with "Clerical Errors"	2	4	3	9
Dossiers "In Order"	42	19	33	94
Percentage of Dossiers (claims) "In Order"	95%	75%	85%	88%

The two main areas of errors are decisions made before the expiry of the 15 days period (pay affect) and no signature on the registration for employment (clerical errors).

These results differ from those given at the workshop due to a misinterpretation of errors in discussions with the evaluation team.

However, there is concern that the monitoring of UI payment could not be performed as PSIs were unable to provide the necessary information to validate the payments. This is troublesome in that this information should be readily available to ESC staff as well as the monitors in order to answer enquiries from the unemployed workers. The ESCs are working in the dark in terms of payment information and could lead to the unemployed worker being bounced around between ESC and PSI to resolve any payment issues. This, in turn, can create frustrations for the unemployed worker as evidenced by some comments for improvement in the worker survey.

It is recommended that a formal quality monitoring program be initiated to report regularly on the quality of claims processing. Also, there is a need to resolve the problem of payment information from PSI to determine the speed and quality of payments. It is further recommended that a working group be formed to look at both issues. In addition, it is recommended to conduct a quality payment review as soon as possible under the advice of the working group.

1.6 Debriefing Workshop, August 18 in Hoa Binh

On the second last day of the mission, an all stakeholders workshop was held to review and discuss the preliminary findings identified by the consultant and evaluation team during the tour. Handouts were provided to the participants on three presentations as well as documents on the future vision of the UI program and a proposed implementation plan. The workshop commenced after an opening speech by Mr. Trung, the vice director BoE.

Celine Peyron Bista, from the regional ILO office in Bangkok, presented the two main ILO conventions related to UI, Conventions 102 (1952) and 168 (1988) which outline benchmarks for eligibility criteria and level of UI benefits. She also presented the importance to link UI cash benefits to Active Labour Market Policies.

Following ILO's presentation, the consultant presented an overview of UI in other countries. Seven were selected because of their particular features and possible applicability to the Vietnam UI program (see Appendix "G"). The Vietnam UI program was then compared to these countries and a discussion followed on what aspects could be useful to improve the Vietnam UI scheme (see Appendix "H" for comparison chart). Attention was drawn to a number of key issues such as imposing reduced benefits for those who voluntarily quit, coverage rules, benefit rate and duration as well as structure for administering the UI program.

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A future vision paper was presented to the participants and they were asked to read and provide feedback concerning the future UI program over the next five years (see Appendix "I").

Subsequently, the consultant presented the main findings as well as recommendations for improvement both in the short and long term for improving UI in Vietnam. In addition, a proposed implementation plan was presented to the stakeholders to identify priority items and expected implementation dates (see Appendix "J").

Participants were then given the opportunity to respond to the findings, recommendations and the proposed implementation plan. A number of stakeholders presented their thoughts on the various issues and validated a number of the findings in their responses.

2. Findings and Recommendations

2.1 Decision Making on UI Eligibility and Benefits Calculation

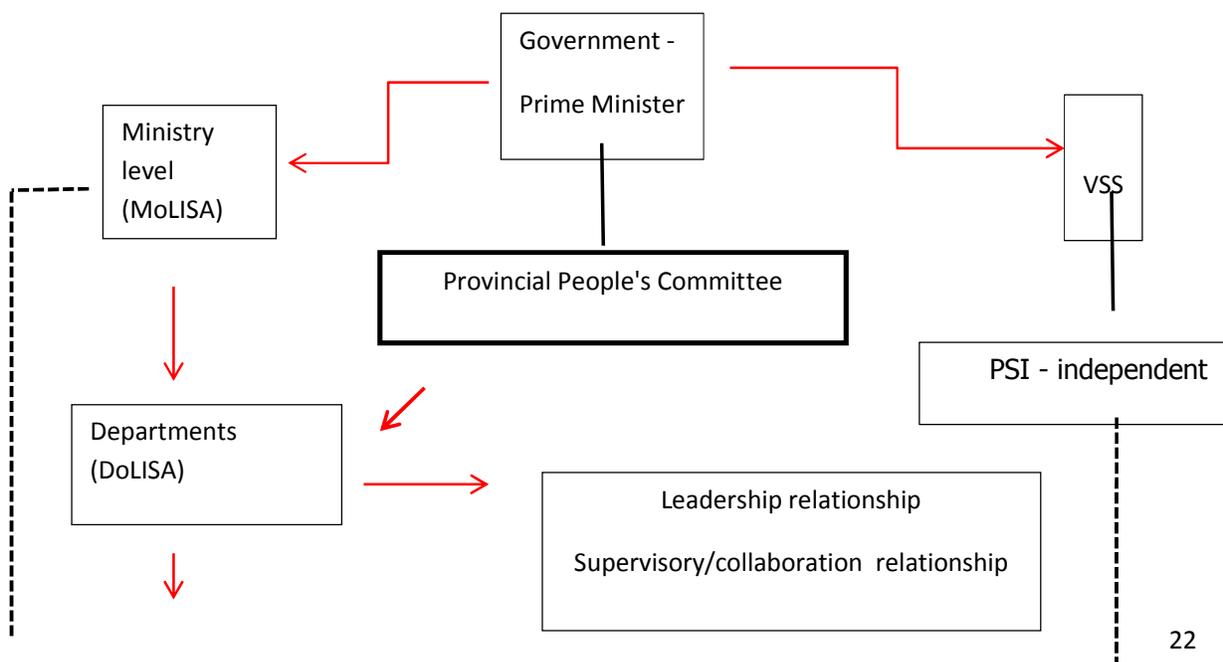
The six month review report already pointed out the issue of decision making, and, while the first report suggested that ESCs should assume responsibility, the 18 month review and evaluation report dealt with a number of complex issues surrounding reporting structures and the important role of the Provincial People’s Committee. This report also recommends alternatives for the level of authority within the ESC to decide on unemployment insurance matters.

Since the release of the Six Month Review Report on the Implementation of the Vietnamese UI Scheme, there has been a significant amount of collaboration between the partners (BoE, ESC, DoLISA) involved in the processing of UI claims for benefit prior to UI payment. They have worked together to overcome obstacles such as workflow obstacles and implementing more streamlined procedures to ensure claims are processed on a timely basis. However, there remain a number of barriers which negatively impacts on efficiency.

The administration of UI claims under the Vietnam UI scheme is rather complex in terms of reporting structures. Employment Service Centres (ESCs), under the direction of the Department of Labour, Invalids and Social Affairs (DoLISAs), are responsible for processing UI applications for benefit up to but not including the final decision. The Director of DoLISA has responsibility to make the final decision on UI payment.

In theory, DoLISA is led by both the Provincial People’s Committee (PPC - on administrative and financial matters) and Ministry of Labour, Invalids and Social Affairs (MoLISA - on technical aspects of UI). But it remains unclear who has more influencing power over DoLISA. The following chart provides the relationships between the various stakeholders involved in UI:

State Management System – UI related issue only



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The local administration, the People's Committee, has budgetary and administrative responsibilities. They are charged with maintaining law, order and security within their jurisdictions; forwarding budget requests to higher levels; reviewing and approving plans for socioeconomic development within their delegate authority; executing the budget; and undertaking duties as assigned by higher levels of administration⁷.

The Ministry of Labour, Invalids and Social Affairs (MoLISA), on the other hand, have a number of responsibilities including providing guidelines to, monitoring and implementing legal regulations on unemployment insurance⁸. The Bureau of Employment (BoE) in MoLISA has been tasked with these responsibilities concerning UI. But as illustrated by the chart, BoE play a collaborative role in providing guidance and advice to the ESCs instead of a leadership role. The exception to this collaborative approach is the budget for UI operations. It is centrally managed by BoE and transferred directly to ESCs (not via DoLISA as with other regular budgets) to cover UI operational costs. However, all expenditures by the ESC should be in line with cost norms and regulations for state budget management.

As a result, ESCs frequently receive conflicting advice on claims processing from BoE and DoLISA on a consistent basis. This, in turn, creates confusion and anxiety amongst managers and staff at ESCs and also impacts negatively on processing of UI claims for benefit. Normally, policies and procedures are enunciated at the national level and applied to all provincial and local staff in order to ensure conformity and a standardized approach to the rules of UI. The public need assurances that UI is consistently applied throughout the country in a standardized national system.

ESCs, under the authority of DoLISA, are responsible for receiving registrations of employment, UI applications for benefit, assessing and calculating claims for benefit and finally recommending payment for the unemployed worker to the Director of DoLISA (those unemployed workers not qualifying would be finalized at the ESC level). This involves sending the dossier to another location (or only the recommendation documentation in some ESCs) where the Director (or Vice Director) of DoLISA is responsible for making the final decision for payment.

⁷ Although various laws and decisions have helped to clarify respective roles and authority, in particular the 1996 Ordinance on the Specific Tasks and Powers of the People's Council and People's Committees at each level, there are continuing co-ordination problems between central and local governments, both due to unclear laws and a continuation of the tradition of local autonomy. Many central government decisions were not elaborated as guidelines by local governments, and thus could not be implemented. Local governments issued regulations contradicting those of central government. - From "The Socialist Republic of Vietnam – Public Administration and Country Profile" 2004 DPADM/DESA United Nations

<http://unpan1.un.org/intradoc/groups/public/documents/un/unpan023247.pdf>

⁸ Refer to MoLISA website:

<http://english.molisa.gov.vn/Default.aspx?tabid=352&IntroId=457&temidclicked=457>

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The Director has no technical expertise in UI matters and does not review the assessment and calculation of the dossier but essentially signs the recommendation and the decision to pay is sent to PSI after the dossier is returned to the ESC. This has created a significant amount of work for DoLISA in the larger and medium sized offices. The Vice Director in HCMC, for example, finalizes 600 to 800 decisions for UI payment per week.

This cumbersome process creates delays in processing claims and ultimately in paying UI to unemployed workers – e.g. transfer of dossiers between offices or the Director is not available at certain times of the day. There is also the issue of security of dossiers as there is always the possibility of losing dossiers in transit between offices.

Recommendations for Decision Making on UI Benefits Calculation:

Short Term:

- 1) Instead of sending dossiers to Director of DoLISA for decisions, suggest ESC create a list of those entitled to receive UI payment with a provision that the decisions taken by the Director of DoLISA applies to all unemployed workers on the list. This would negate the need to send dossiers physically between offices and partially streamlines the process for decision making.

Long Term:

- 2) The authority to finalize decisions for UI payment should be transferred from the Director of DoLISA to the ESC Director or delegated staff. This solution would eliminate the cumbersome and ineffective process of sending files from one location to another. The whole workflow from registration to final decision would be effectively under the responsibility of one department and would streamline the process.

Initially, the ESC Director could be responsible to sign the final decision and immediately send it to PSI for payment. There is a concern, however, that this would create a significant amount of work for the Director who has other management responsibilities (e.g. staff relations, budget, managing the staff workload etc). Therefore, it would be necessary to have adequate backup to fill in while the Director is absent. Therefore, any law would need to include the language “or designated person” when transferring authority from Director of DoLISA to Director of ESC.

The other concern is the amount of work could be overwhelming if the recommendation to reduced benefits of those who voluntarily quit their job becomes law (see Section 2.5 on “Voluntary Quitters”). From an administrative view, the amount of work would substantially increase due to factfinding with employers and unemployed workers.

- 3) As a result, a more effective solution would be to create a new position in ESC entitled “Insurance Officer” who would be delegated the task of finalizing decisions involving UI payment. The new position would require new competencies such as good judgment, effective factfinding skills and ability to analyse details. An amended provision dealing with the responsibility of final decision for UI payment will be required and suggest the following language: “the Director of ESC will be responsible for finalizing decisions on unemployed

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worker dossiers for UI payment; the responsibility for finalizing decisions on unemployed worker dossiers for UI payment can also be delegated to a member of ESC staff”.

One ESC Director gave the analogy of a bank teller making decisions and paying customers without referring all decisions to the bank manager; the bank manager was responsible for major payments amounting to high limits of payments without interfering with the day-to-day activities of bank tellers; the same could be applied to ESC activities with staff making final decisions on day-to-day UI claims with the manager overseeing the process and possibly conducting quality monitoring of UI dossiers from time to time.

The processing of UI applications would change dramatically as illustrated by the following workflow:

- a) Unemployed worker registers for employment;
 - b) Unemployed worker applies for UI allowance but voluntarily quits his/her position; worker submits reasons for quitting voluntarily; ESC front end staff enquire further relating to the details of his/her quitting position (questions are posed to determine whether or not unemployed worker had good cause to quit under the circumstances);
 - c) ESC assesses and calculates claim; dossier is passed to an Insurance Officer who conducts further factfinding and contacts employer concerning the voluntary quit and what reasons were given to the employer for leaving work;
 - d) Insurance officer determines whether or not the unemployed worker had good cause in leaving his/her position (guidance would be provided by BoE to demonstrate when good cause is shown under different circumstances); if not, the claim is disallowed by the insurance officer and a notice of decision is sent to the worker along with appeal rights (if full refusal is accepted into law – if partial deduction is imposed, would recommend partial benefits be paid); if the worker has demonstrated good cause, the recommendation is forwarded to the Director of DoLISA or ESC for UI payment;
- 4) BoE should assume responsibility to provide leadership to DoLISAs and ESCs for the processing of UI claims for benefit. Ongoing consultations should occur between MoLISA, DoLISA and PPC but it should be clearly identified that policies and procedures from the national BoE should be adhered to by all staff involved with UI processing.

2.2 *UI Benefits Payment*

The six month review report, in a few words, expressed the notion that BoE should assume all responsibilities for the entire processing of a UI claim for benefit including UI payment. Since then, we have seen dramatic changes in the payment process because of direct deposit but there are complaints about the current process from unemployed workers and ESC management and staff.

The responsibility for issuing UI payments to eligible unemployed workers belongs with PSI offices. They also have the responsibility of issuing other Social Insurance Benefits as well. Payments are made via direct deposit into an unemployed worker’s bank account or manual payments are issued at the local commune level.

VSS/PSI play a vital role in the administration of UI claims for benefit as outlined in our 6 month review report of the Vietnam UI scheme. Since then, they continue to be very active players in offering

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suggestions for improvement and they have shared their work experiences with other Social Insurance (SI) benefits to improve the payment system for UI recipients. In HCMC, PSI is working very closely with HCMC DoLISA/ESC to provide electronic information to ESC staff at the time of registration. Overall, however, problems have been identified relating to inconveniency and burdens (e.g. financial cost to travel from one office to the other) for the unemployed to register in ESC and receive benefits from PSI office. Also, ESC staff have no access to information concerning when and if the payment has been made.

In most offices, once the final decision is made by the Director of DoLISA and the dossier is sent back to the ESC office, a list is compiled of those unemployed workers who are entitled to UI. The list, along with a copy of each decision, is sent to PSI in order to initiate payment action.

Action is also taken by PSI to create a new Health Card as the unemployed worker is currently entitled to health coverage from the date that the decision is made. When the unemployed worker visits the commune for UI payment, they are given the new health card at that point.

In the case of Ho Chi Minh City, all unemployed workers applying for UI benefits also need to apply for a bank account whether or not they have an existing bank account. Therefore, 100% of unemployed workers applying for UI are enrolled to obtain a new bank account. The Dong A bank has a representative at all times at 6 ESC locations (one main office and five satellite offices) and they meet with the unemployed workers who are applying for UI allowance.

Commencing August 15th, 2011, the HCMC ESC/DoLISA/PSI have reworked the workflow according to the following:

- 1) Unemployed worker registers for employment; ESC staff obtain Identity Code Card from the registration form and uses it to access PSI database; information from PSI automatically updates the ESC screen (possibly need to change address if applicable); they also retrieve premium information (salary) to determine 6 consecutive months for determining rate;
- 2) Unemployed workers applies for UI allowance; he/she is given a date to return to the ESC to pick up decision, health card and ATM card; SI Book is still required at this point;
- 3) Unemployed worker meets with bank representative to apply for bank account with Dong A Bank;
- 4) UI claim is assessed, calculated and the recommendation made by ESC is forwarded to (Vice) Director DoLISA; Director notifies PSI in advance of decision in order that they can create ATM card and health card; once decision is made, decision is sent by e-mail to PSI and within 2 days payment is transferred to the unemployed worker's bank account;
- 5) Unemployed worker reports to ESC to pick up decision, health card and ATM card;
- 6) Unemployed worker goes to related ATM to withdraw UI payment.

HCMC has been a pilot site for the new UI computer system and has a close relationship with PSI and they have developed procedures to deal with the electronic system. These procedures could be used nationally once the UI computer system is rolled out to all ESCs provided the same collaboration between PSI and ESC exists in other provinces.

However, in Da Nang and Hanoi (and possibly the rest of the ESCs in Vietnam), 100% of payments are made manually at local PSI offices or commune level. It appears that many PSIs will pay UI similar to the

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arrangements with Social Insurance Benefits such as pensions – that is, on a specific day of the month. This creates problems for the unemployed workers who are in a vulnerable position and require their payments as quickly as possible. Unemployment Insurance is significantly different than other Social Benefits and the payment process should be such that payments are made in a timely and efficient manner.

It has also been reported that many unemployed workers are referred back and forth between ESCs and PSIs when payments are not made and the unemployed worker is seeking answers to the non payment. This creates frustration and the unemployed worker suffers while awaiting his/her payment.

As a result, there is a great amount of inconvenience and burden (e.g. financial cost to travel from one office to the other) for the unemployed to register/apply at the ESC but receive payments at PSI office. Also, ESC has no access to information concerning when and if the payment has been made. As evidenced by the quality monitoring activities during the field study, there is difficulty in obtaining payment information from PSI both for ESCs and unemployed workers.

Finally, the common practise of SI schemes to issue payment once a month on a fixed day compounds problems for UI participants. UI is a unique social benefit where qualified unemployed workers require speedy payment during difficult times and have no other financial support.

Recommendations for UI Payment:

Short Term:

- 1) Prior to Decree 127 amendments to change responsibilities: PSI to continue payment of UI benefits but allocate one PSI representative to front end of ESC; the PSI representative should be on ESC premises at all times for larger ESCs and on a partial basis (e.g. 2 or 3 days a week) for other offices depending on volume; the PSI representative could resolve problems with payment when the unemployed worker reports to ESC to pick up his/her decision and other payment matters concerning lump sum as an example;
- 2) Conduct feasibility study for one agency (ESC or PSI) to assume responsibility for UI payment and costing assessment to determine staffing, financial, administration requirements as well as linkages with databases of two agencies on a national basis; the feasibility study will also assess the staffing, financial and institutional implications of creating a separate UI fund.

ESC feels they should assume responsibility for UI payment under the single window initiative which will provide one-stop service to unemployed workers from registration to payment and eliminate cumbersome procedures (reporting between offices) negatively impacting on service to clients. The UI program is unique when compared to other Social Insurance benefits such as pensions and the single window approach would benefit workers including issuing payments as quickly as possible to those who are most vulnerable.

VSS feels they should maintain the responsibility of UI payment due to their extensive experience with providing SI payments to the commune level (but direct deposit would negate this advantage). They also feel that any new process would create problems with payment as well as providing a new health card. They are also experienced in investing funds and there is a current surplus in the UI fund for investing purposes.

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2.3 UI Coverage and Collection of Contributions

A number of substantial and important issues were identified in the six month report especially: 1) the 10 employee rule for employers to be insured, 2) delinquent employers not remitting premiums, 3) suggesting employment be “deemed” insurable in those cases where employers do not remit premiums and 4) increasing the amount of penalties for employers who do not remit on time. These issues are still outstanding at the time of writing this report with the 10 employee rule in effect, a substantial number of employers failing to remit payments on time and unemployed workers being in a vulnerable position where they cannot qualify for UI benefits because of these delinquent employers.

The six month review and evaluation spoke of UI coverage in Vietnam being relatively straightforward, with all employers and employees covered, except employers with less than 10 employees. But the application of this threshold is somewhat complex: the limit of 10 is met by counting all workers with contracts of more than 3 months, but UI coverage and contributions only apply to those with indefinite contracts or contracts of at least 12 months. This count must be performed on the 1st day of each month, and once an employer unit is covered, its permanent employees are covered till year end, even if the total employee count subsequently drops below 10.

The consensus from virtually all participants at stakeholder meetings spoke of the need to eliminate the 10 employee rule in the interest of fairness and also to expand the UI coverage to its fullest extent. It will also simplify procedures for VSS and employers and to avoid an incentive for employers to create fictitious short-term work arrangements. In the presentation of UI in South Korea, they also instituted restrictions similar to the requirement of employers to have 10 employees but have since eliminated it.

Relating to the issue of collection of contributions, it is vital to the sustainability of the UI fund that contributions, on behalf of the worker and employer and remitted by the employer, are made in a timely manner. Problems have been identified for some time of employers failing to remit contributions either intentionally or because of financial difficulties. This has created a twofold problem: one, loss of revenues for the UI fund and 2) loss of coverage for the unemployed worker many of whom are in a vulnerable situation.

The six month review report suggested penalties be increased for late or delinquent employers in remitting UI premiums. It also recommended to draft law provisions in order to consider employment insurable when an employer is late or delinquent in remitting UI contributions. These two issues remain outstanding in spite of a significant number of employers not paying UI premiums in a timely manner.

In the six month evaluation dated October 2010, a number of articles highlighted the issue of delinquent employers failing to remit contributions:

Article one: **“Dong Nai: 38 premium debtors sued”**⁹

Article two: A similar article on March 24, 2010 reported as follows in **Ho Chi Minh City**¹⁰:

⁹ Article dated may 22, 2010 entitled “Social Insurance Fund may ‘break’ ” viewed on July 27, 2010, at <http://www.lookatvietnam.com/2010/05/social-insurance-fund-may-break.html>.

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Article three: article on October 29, 2009 coming from Hanoi¹¹

A more recent article dated August 31, 2011, outlined the problems of delinquent employers¹²:

“Truong Trong Thang, the Ha Noi Social Insurance's vice director, said an increasing number of businesses were reportedly slow to pay insurance payments, including unemployment insurance.

And he said it was not just businesses in financial difficulties that were delaying payment, but successful firms as well.

“The action violates workers' interest,” he said, adding that laid-off workers were only finding out they were not eligible for unemployment benefit when they try to make a claim at an insurance office as their firms had not made the necessary insurance payments.

Last year, the city had about 27,350 businesses who should have participated in social, health and unemployment insurance schemes. However, at least 840 firms had failed to take part in the scheme, causing losses of VND200 billion (US\$9.8 million).

Instead, firms are using the money they save from not paying insurance to invest in boosting production because the fine they have to pay is lower than bank interest rate charges for loans.

Thang recommended raising the current fine rate of VND30 million (\$1,500).”

In our meetings with VSS, they pointed out that 80% of employers nationally remit their contributions in a timely manner. About 90% pay premiums in a timely fashion in HCMC. In Da Nang, 70% pay premiums on time which translates to 30% of employers failing to remit contributions. An astonishing approximately one in three employers in Da Nang is negligent in paying their premiums.

After three months, VSS will prosecute employers who continually fail to remit payments and hundreds of employers have been taken to court as a result. PSI in HCMC indicated all properties are held from the employer during court action and the government is allowed to deduct dongs from the employer's account. Prior to three months, the inspection and control unit of DoLISA can impose administrative penalties for those employers who fail to remit payments on time.

As mentioned the second central impact of employers failing to pay premiums on time is the loss of eligibility for unemployed workers because they do not qualify to receive UI benefits through no fault of their own. This is in spite of premiums being collected from the worker but the employer in many cases fails to submit the premiums to the PSI. This is a fundamental issue where the unemployed worker should not be penalized because of negligent acts of the employer. Many unemployed workers affected by the employer's delinquent acts are in a very vulnerable position and require temporary immediate assistance.

¹⁰ Article viewed on July 27, 2010, at <http://english.vietnamnet.vn/social/201003/Taxman-asked-to-collect-social-insurance-fees-900490/>.

¹¹ Article viewed on July 27, 2010 at <http://english.vietnamnet.vn/social/200910/Agency-will-sue-over-failures-to-pay-social-insurance-for-workers-876041/>.

¹² Taken from and read on August 31, 2011 Info.vn: <http://en.www.info.vn/society/labors-and-jobs/25718-unemployment-insurance-policy-reveals-shortcomings-in-practice-.html>

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Concerning the employers failing to remit the premiums, VSS data only capture statistical information relating to employers who have submitted their registration for premium collection. However, VSS reports do not provide information on employers who fail to submit premiums.

Recommendations for Collection of Contributions:

Short Term:

- 1) A working group be formed comprised of BoE, VSS, PSI, ESC, DoLISA, VGCL and VCCI to discuss what action and what enforcement measures can be taken in the first three months to utilize the administrative penalties effectively to deter employers from withholding contributions; the working group can also address the solutions in the medium term as well;

Also, it is recommended that VSS starts capturing data on employers who do not regularly comply with the premium payments.

Medium Term:

- 2) Where the employer fails to remit contributions, and it is evident that the collection efforts of DoLISA will not be immediately successful, the employment should be “deemed” as insurable provided the unemployed worker can prove he worked for the employer (e.g. pay stubs); the period of work would be “deemed” as insurable and the unemployed worker allowed to apply for UI allowance. Payment would be allowed provided all other aspects on the dossier are in order;
- 3) Penalties should be increased for those employers who are delinquent in paying their contributions on a percentage basis of the amount of contributions instead of a flat rate.

2.4 Inspection and Control Inspectorates

A vital component in any unemployment insurance program is the protection of the fund from unauthorized use by those who commit fraud and abuse. In the six month report, we highlighted the need for early consideration of an Investigation and Control Unit in ESCs to combat fraudulent claims and abuse of the system. However, a deeper analysis of the current Inspection and Control Units in DoLISA and the Provincial People’s Committee examines the barriers to effective protection of the fund in this report.

Other countries have seen the necessity of investing significant resources and effort to control such misuse and abuse.

The provisions governing inspections is enunciated in the Social Insurance Law under article 10¹³. Further provisions are found in Decree 127, article 5 which outlines the tasks for the inspection unit such as failure to remit UI premiums and falsification and forgery of unemployment insurance dossiers and using the unemployment insurance fund for improper purposes.

¹³ Article 10: The Social Insurance Inspectorate: 1) The labour, invalid and social affairs inspectorate shall perform the functions of specialized social insurance protection. 2) The organization, tasks and powers of the specialized social insurance inspectorate shall be as stipulated in the inspection law.

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Within MoLISA (DoLISA) and the PPC, there are inspection and control inspectorates responsible for investigating violations of labour laws. An article on MoLISA website dated March 25, 2011 entitled "More than 25,000 violations of Labour Laws in Vietnam" highlighted the problems of employers breaching labour laws including social insurance contributions in order to improve profits¹⁴:

"According to analysis given by experts, there are many reasons why businesses violating the labor law, which is mainly due to the large surplus of labor force compared to demand. Therefore the businesses violated the legitimate rights of workers just to raise their own profits.

Nguyen Van Tien, chief inspector of the Ministry of Labour - Invalids and Social Affairs gives more analysis: "The violations caused by businesses have not been treated seriously; the understanding about law of the employers is limited; the foreign companies abuse policies to encourage foreign investment from the State and the provinces to deliberately violate labor laws without fear of treatment ... "

... According to the Inspectorate, much of mistakes were found by only about 700 companies are fined. In some provinces, Provincial People's Committees even asked the inspection team to not pay a visit of more than half day to one business and inspection work should not be done without seeking a permission of PPC in advance"

Not only are employers defying the labour laws but there seems to be a lack of initiative in dealing with delinquent employers and imposing adequate fines to deter abuse of the law. The complexity of overlapping responsibilities also appears to complicate the implementation of effective deterrence provisions.

The ministry conducted 4,500 to 5,000 inspections and identified 25,000 to 30,000 violations (total administrative fines was approximately 10 billion dong). But the violations of labour law still continue including those employers who are delinquent in paying UI contributions (and all SI contributions). A second article entitled "Severe Lack of Labour Inspectors¹⁵" spoke of the ever increasing workload with minimal staff:

Nguyen Van Tien, deputy chief inspector of the Ministry of Labour, Invalids and Social Affairs, said the inspection team working at ministry level and the General Department of Vocational Training Ministry has 50 people, left 300 people distributed in 64 provinces. HCM City has the biggest number of inspector with 33 people, and then the Hanoi got 10. There are some provinces with few inspectors, such as Bac Kan has 2 persons.

In fact, there are 250,000 businesses across the country. In addition to occupational safety inspections, compliance with policies on labor law, this force must also inspect the implementation of special policies for people who made special contributions during the wars, policies for children, recently implemented anti-corruption, and application of one stop shop in receiving complaints from citizens and resolve complaints.

¹⁴ Website for MoLISA read Sept 5: <http://www.molisa.gov.vn/news/detail/tabid/75/newsid/52656/seo/Hon-25-000-sai-pham-ve-phap-luat-lao-dong-tai-Viet-Nam/language/vi-VN/Default.aspx>

¹⁵ From VNExpress website dated January 16, 2008: <http://vnexpress.net/gl/viec-lam/2008/01/3b9fe6ee/>

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With the implementation of unemployment insurance in January 2010 (and collection of premiums in Jan 2009), this has probably exacerbated the problem of employers defying the law and created additional workloads for an inspectorate with too few qualified and trained inspectors¹⁶. Currently, PSI will refer cases of delinquent employers not paying their contributions but there are no procedures in place for ESC to refer suspected cases of fraud or abuse of the fund to the inspection and control inspectorate.

Recommendations Inspection and Control Inspectorates:

Short Term:

- 1) Recommend manual procedures be developed between BoE and DoLISA inspection and control inspectorates for ESC staff to refer cases of possible cases of abuse of the UI fund or fraud cases to be investigated by the inspection and control inspectorate of DoLISA;

It is also recommended to keep statistics on the number of referrals to the inspectorate. Consideration should also be given to the establishment of an inspection and control unit within ESC.

Long Term:

- 2) Analysis of statistical information to be carried out to determine effectiveness of investigations; consideration given to the establishment of an inspection and control unit within ESC.

2.5 *Voluntary Quitters*

An indepth look at the issue of those who voluntarily quit their position without reduced benefits was analyzed in the six month report. This issue is also currently outstanding and, with UI benefits increasing to 6 months (for those who have 36 to 71 months of insured employment), a response is needed to address this issue which affects the credibility of the UI program. In our meetings with stakeholders, the discussions spoke of the need for a reduction of benefits initially instead of refusing benefits to those who voluntarily quit their job and this report's recommendations reflects these discussions.

A unique feature of the UI Program in Vietnam is the universal entitlement system under which anyone with sufficient insured work (at least 12 insured months in the last 24) can receive UI benefits without delay nor reduction of benefits irrespective of why their job ended.

In our presentation on "UI in Other Countries", the seven studied countries refuse or reduce benefits for those who voluntarily quit their position without "good cause". In Canada, Argentina, Bahrain, and France, only those who involuntarily lose their job can receive UI benefits while in Thailand, voluntary quitters receive a temporary reduction of 30% benefit rate for 3 months (instead of 60%). Many countries in Europe and Japan also impose a reduced benefit for voluntary quitters.

¹⁶ From VNExpress on ILO advice: "According to ILO, with the less developed countries like Vietnam, the average 40,000 employees must have a labour inspector. If this standard with the 50 million labourers, Vietnam would need more than 1,000 inspectors."

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Since the six month review report was released, there is now a consensus of stakeholders who feel those who voluntarily quit their work or are fired due to misconduct should be refused benefits or have their benefits reduced. However, no proposed amended provisions have been developed at this point.

Unemployment insurance benefits are primarily intended for workers who lose their jobs involuntarily, through no fault of their own. This principle is included in the ILO conventions 102 (1952) and 168 (1988).

ILO Convention 168 states in article 20 that benefits “may be refused, withdrawn, suspended or reduced... (b) when it has been determined by the competent authority that the person concerned had deliberately contributed to his or her own dismissal; (c) when it has been determined by the competent authority that the person concerned has left employment voluntarily without just cause. Therefore, those who voluntarily quit their job without good cause or have been fired for misconduct are subject to reduced benefits. Convention 102 makes similar references.

A VGCL representative shared her view at the workshop and felt that workers need a job more than UI benefits and only a few workers would quit their job in order to collect payments. She pointed out that according to the labour code, employees are allowed to terminate a labour contract with a certain period of notice, thus their rights should be recognized and therefore no reduction of benefits should be applied in this case.

The Director for UI Procedures (BoE) shared a different position advancing the evidence gathered during monitoring trips (based on reason for separation stated by employers in the letter of contract termination) and stated that 60 to 80% of employees quit their position on a voluntary basis.

The Director of Hoa Binh DoLISA felt that this is a serious issue since it causes distortions of UI targets. He also agreed that fired workers should not be entitled to benefits.

However, a distinction must be made between those who voluntarily quit their position with or without “good cause”. A worker who did not have good cause would be one who did not consider all the reasonable alternatives available to the worker to keep his/her job including finding another job before quitting. Thus, these workers who do not demonstrate good cause would be subject to a reduction or refusal of benefits.

But a worker who quits his/her job can demonstrate “good cause” as in the following examples: 1) in cases of dangerous working conditions and the employer fails to take action; 2) substantial change in working conditions – such as a significant drop in pay for no particular reason; 3) sexual harassment or other valid reasons. In these situations, if good cause is proven, the worker would be allowed to receive full UI payment. The list of good causes should be in line with the Labour Code applied in Vietnam.

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Administratively, the UI staff at the ESC would make the determination of whether a worker has shown “good cause” instead of the employer. Before implementing a provision to reduce or refuse benefits to workers who quit without good cause or are fired for misconduct, careful planning would be required to ensure sufficient trained staff were provided for the anticipated additional work expected at the ESC. Additional factfinding would be required increasing the amount of time to process a UI claim for benefit. This is especially true in those instances where the employer and employee do not agree on the reason for separation. An effective appeal system is also necessary which can be used by the employer or worker when they do not agree with the decision of ESC. Formalized training would be needed for staff involved in the gathering of facts and recommendations for payment of UI benefits.

Recommendations for Voluntary Quitters:

Short term:

- 1) Recommend BoE commence capturing data on the reason for separation distinguishing between those who involuntarily lost their job and other who voluntarily quit their position or are fired because of their own misconduct (computer system to capture this information as well as develop report on how many apply for lump sum benefits);

Medium Term:

- 2) Develop a new law provision to reduce benefits to those who quit their position without good cause or are fired due to misconduct; clearly define what is considered “good cause”;
- 3) Recommend a reduced benefit to be imposed initially – for example, a reduction in the benefit rate to 30% or a one month reduction;
- 4) Seek consensus among stakeholders and implement new measures to be applied in the case of voluntary quitters.

2.6 Lump Sum Provisions

As mentioned in the six month report, compounding the situation with voluntary quitters, the UI scheme of Vietnam provides that individuals can receive their remaining UI benefits in a lump sum once they find employment, even if they return to work with the same employer. Many stakeholders have expressed the feeling that the lump sum and “no reduction in benefits” provisions run contrary to the principles of unemployment insurance in its present state.

The situation of lump sum payments, at the time of writing this report, is more critical as UI benefits will be increasing to 6 months for those who apply with 36 to 71 insurable months as of January 1, 2012 (an analysis is required of the impact of continued lump sum payment).

There is also the issue of fairness when considering situations where a worker can receive the lump sum after more than 15 days (of not finding work) but the same worker cannot receive it if he/she finds work on the 15th day.

South Korea has been used as an example of effective use of the lump sum provisions but under strict conditions: first, the jobseeker must start a new job before having used up half of their UI benefits; second, they can then receive half of their remaining benefit entitlement; third, they must maintain

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that job for at least 6 months; and fourth, the new job must be with a different employer than the previous one.

The number of lump sum payments allowed has been quite low thus far. The total lump sum payments allowed for the calendar year 2010 is 2,937 and for 2011 (up to June 20) - 583 - for a total of 3,520 out of 294,763 claims allowed for UI payment (4%). But ESC staff, if they discover an unemployed worker has found work in the first or second month of receiving UI allowance, will not request the worker to complete the lump sum application. As there is only 1 or 2 months to be paid, they will virtually ignore the return to work and allow the worker to receive the UI allowance for the duration of the claim because of the delays in processing the lump sum application. Therefore, it is difficult to determine how many unemployed workers have taken advantage of this bonus.

In 2012, with the duration of UI benefits increasing to six months for those with 36 to 71 insurable months of employment, concern has been expressed that many workers will have further incentive to quit and take advantage of the lump sum provisions. It is felt that the lump sum provisions should be eliminated from the UI program unless more stringent rules and applied similar to those imposed in South Korea and a reduction in the amount of lump sum.

An actuarial study is planned for 2012 which will make final recommendations concerning the lump sum applications.

Recommendations for Lump Sum Provisions:

Medium term:

- 1) Recommend a review of lump sum provisions by an actuarial study in the first or second quarter of 2012 once sufficient data is available on lump sum applications;
- 2) Also consider using lump sum provisions to pay for start up of self employed business.

2.7 *Social Insurance (SI) Book*

The six month review report highlighted a number of problems such as delays in obtaining the SI Book and these delays had been repeatedly cited as preventing many unemployed workers from qualifying for benefits. Those delays occurred because of employer lateness in paying their UI contributions, or simply because the routing of the SI Book is a complicated one, as it travels from the employer to the local PSI office, back to the employer, then to the unemployed worker and finally to the ESC. A number of recommendations were made both in the short and long term to alleviate the problems associated with the SI Book.

Since then, the problems have been significantly reduced due to the implementation of some of the recommendations. For example, in Hanoi PSI, they prioritize those who will be applying for UI. Also, a special temporary document is certified by PSI within 2 days of receiving the SI Book and forwarded to the employer, then to the unemployed worker and finally to the ESC. During the consultations, an employer, Le Minh Hunh, reported the recent mass layoff of 300 workers which went smoothly at all levels. In addition, the results of the worker survey referred to 10 workers (out of 31 in Hanoi) for whom the employer did not comply with the issuance of the SI Book but payments were issued in any

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event. The temporary document has been used by ESC staff to finalize the claim and allow for UI payment to proceed.

This report deals with longer term issues of streamlining the procedures for obtaining premium information either through a linkage of databases with ESC/PSI or BoE/VSS or replacing the SI Book with a Record of Employment (also mentioned in the six month report but is outstanding).

In HCMC, as mentioned, PSI allow ESC staff to access their database for premium collection information which will significantly streamline the process especially once the new computer system for UI is rolled out nationally. The partners, ESC/DoLISA/PSI have worked together to disseminate information to employers which has assisted in demonstrating the importance of completing and sending the SI Book to PSI as soon as possible.

Of the longer term issues, BoE has proposed amending Decree 127 to extend the time for the unemployed worker to register for employment from 7 working days to 90 calendar days. However, other legislative changes, such as treating employment as insurable when the employer is delinquent in paying premiums as well as the elimination of the SI Book in favour of the Record of Employment (ROE) remain outstanding (outlined in the six month review).

The issuance of the temporary document in place of the SI Book is a step in the right direction for the implementation of an ROE. Also, there is a proposal from BoE to revise article 37 of Decree 127 where submission of the SI Book would be supported by a certified copy of the employment contract or certified termination agreement in order to avoid malicious practice from the employee to receive double or longer benefits. This proposal would be unnecessary if there was an ROE which would be completed and certified by the employer. The ROE would provide all the necessary UI information for processing the claim as well as a certified statement of termination.

The ROE would need to be tightly controlled by BoE and issued to employers with special identifiable numbers to prevent abuse.

As an alternative to the ROE, a linkage between the national databases of VSS and BoE, with access by staff at all ESCs, would be the ideal situation. A national linkage would be required due to the transfer of UI claims to different locations across Vietnam. However, VSS feels that it will be a very difficult to implement such a linkage given that many departments in VSS are unable to access their own databases.

Recommendations for SI Book:

Medium Term:

- 1) Conduct feasibility study to look at advantages/disadvantages of developing ROE or computer linkages for access to premium collection records; the study would look at developing a consensus among stakeholders of the preferred choice and of issues such as staffing, costing and administrative requirements – for example, producing and distributing ROEs, communication and training issues with employers and worker groups;

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Long Term:

- 1) Development of an ROE to be completed by the employer in order to replace the SI Book in future;
- 2) Co-ordinate accessibility of files and portability of payment at the national level by developing inter-provinces/agencies (PSI/ESC) linkages for ESC staff to access premium information on a national basis to deal with transfer in and out of provinces.

2.8 Monthly Reporting on Job Seeking Activities

The six month report made passing reference to monthly reporting on job seeking activities but it did highlight the significant intake of claims and shortage of staff as major issues with larger ESCs. Instead, in terms of monthly reporting, this report deals with a number of solutions which has minimal or no affect on staffing. This is a major issue for larger ESCs as the number of unemployed workers reporting monthly to the ESC office grows substantially. This number will increase in the new year as some unemployed workers will be entitled to 6 months of benefit.

Once a decision is made to pay UI benefits to an unemployed worker, he/she must report on a monthly basis to the ESC relating to their job seeking activities while in receipt of UI allowance¹⁷.

The monthly reporting on job seeking activities is an important element in the Vietnam UI scheme. It allows unemployed workers to prove their availability while on claim and that they are actively looking for and willing to accept suitable employment if offered to the worker. The ESC staff member will cover a number of issues during the interview: job status, job search activities, job refusals and suitability of employment, labour market information, vocational training and advice and guidance on job matching service. Once the worker has reported to the ESC for job seeking activities, he/she will be entitled to receive their UI allowance for another month. If he/she fails to report to the ESC for the interview, the unemployed worker could be suspended from receiving UI allowance for the duration of their UI claim for benefit.

The policy on the date that the unemployed workers are required to report to the ESC for monthly reporting is flexible and decided by each ESC. In the case of small and medium sized offices, this flexibility along with lower claim intakes, prevents overwhelming these offices in the front end with unemployed workers. In the case of Hanoi ESC, they will also arrange job fairs giving unemployed workers the opportunity to meet local employers who have immediate job vacancies.

However, in larger ESCs such as Ho Chi Minh City, ESC reported that staff employees are interviewing a substantial number of unemployed workers reporting on their job seeking activities. In HCMC, for example, they have determined the period for monthly reporting from the 1st to the 15th of each month

¹⁷ Clause 2, Article 34, Decree 127: During the time of receiving unemployment allowance, the unemployed labourers are requested to present and notify monthly a labour agency of his/her job seeking activities. Article 11, Circular 32: While on UI allowance, all unemployed labourers are requested to come to the ESC where he/she is enjoying unemployment allowance to make a report on his/her job seeking activities, except in the following cases: a) sickness or pregnant-related sickness with certification of district or higher level hospitals; b) accidents with certification of district or higher level hospitals or of traffic police officer in case of traffic accidents; c) suffering from natural disaster or pandemic certified by the chairman of commune people committee upon request of labourers.

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(11 working days in August) given the large number of unemployed workers on claim. In spite of this, a significant number of unemployed workers report to the ESC with the busiest days being early in the month as well as Mondays.

If we take August 2011 as an example, the ESC expects up to 22,000 unemployed workers reporting in person to the ESC. Approximately 2,000 unemployed workers will fail to report for an interview leaving 20,000 unemployed workers requiring a personal interview on their job seeking activities. Therefore, on an average day in August, the ESC would expect around 1,800 unemployed workers to report to the ESC.

The length of time for the interview on job seeking activities varies from 5-7 minutes in Hanoi and HCMC ESCs. It's estimated that an ESC staff employee could potentially conduct 72 interviews daily (8 hours x 9 interviews). To meet the demand of workers reporting to this ESC, they would need to assign 25 staff members for the monthly interviews alone (1,800 divided by 72 = 25 staff members).

Commencing in 2012, many unemployed workers applying for UI will receive 6 months of UI allowance (with 36 to 71 months of insurable monthly employment). They will also report on a monthly basis a maximum of six times instead of the current three. Therefore, the expectation is a further increase in the number of unemployed workers reporting in person to the ESC on a monthly basis for job seeking activities.

There is also the issue of unemployed workers having to report to ESCs, PSIs and the employer several times during the course of their UI claim from initially registering for employment at the ESC to reporting to PSI for UI payment. In many cases, they are also required to travel lengthy distances for various interviews.

Recommendations for Monthly Reporting on Job Seeking Activities:

Short term¹⁸:

- 1) Have unemployed workers report to ESC on designated days, e.g. alphabetical order so that there is not an excessive number of interviews for early days in the month or Mondays;
- 2) Extend the period for reporting monthly in HCMC ESC (could possibly use the entire month to report); this in addition to reporting on certain days and would assist in controlling the number of in person traffic in the ESC;
- 3) Streamline the interview process to include only essential information from the unemployed worker; a reduction of 2 minutes of interview time would greatly reduce the overall impact of in person traffic; meetings should be held with staff to determine which essential issues would be discussed with the worker on days when there is a significant amount of workers reporting to the ESC;
- 4) Exempt unemployed workers from reporting in the final month of their entitlement to UI benefits; in many cases, the payment in the final month will be completed before the action to suspend the worker for job refusals, failure to report etc.

¹⁸ Note: Article 11 of Circular 32 highlights the flexibility of ESCs to administer the procedures for monthly reporting on job seeking activities. The date that unemployed labourers need to come to ESC for monthly reporting on job seeking should be decided by ESC.

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Medium Term:

- 5) Create a program for the UI computer system to allow ESC staff to key in the results of monthly reporting for job seeking activities; the program would highlight “approval for continued UI payments”, any job offers denied, efforts by worker to find employment and date and place of report for interview as well as what specific date worker would be required to report or use the telephone service for the following month; there would be no need to keep additional documents and only the electronic version would be kept;
- 6) Create a telephone unit to deal with those unemployed workers who need to travel a great distance to the ESC; it would reduce the number of times unemployed workers need to report to the ESC which has been a main complaint expressed by the unemployed in worker surveys; could be accomplished with HCMC being a national pilot site in anticipation of other ESCs requiring a similar telephone unit; telephone unit with hot line numbers could also be utilized to disseminate information on UI;

Working group to be formed to address human resources, financial and administrative details for establishing a telephone unit; could study other Vietnamese departments who have installed a telephone system for enquiries and reporting.

Hanoi ESC currently use hot line numbers – 10 in total – connected to various staff members who will answer enquiries from unemployed workers and employers (receive about 20 calls per week). They also have hot line number which operates 24 hours a day/seven days a week. The website is also available to disseminate information to workers and employers¹⁹. Hanoi ESC could be invited to assist with the implementation of the telephone unit in HCMC.

2.9 Filing/Archiving UI Dossiers

The filing and archiving of UI Dossiers was not mentioned in the six month report but is now a significant issue at this time for larger ESCs such as HCMC and Hanoi who have registered a total of 128,479 unemployed workers and processed 103,154 claims for payment.

An essential part of the processing of applications for UI allowance and other types of benefit is the filing and archiving systems. Throughout the process, documents need to be continually filed: at the time of registration, application, decision making, monthly reporting, suspensions, terminations, continuance and reports from employment. To compound the issue, ESCs find it difficult to retrieve the file.

As a result, a significant amount of resources are utilized by the ESC, for example: HCMC has four major groups of staff:

- 1) registration,
- 2) process application up to recommendation,
- 3) advising and supporting unemployed workers and
- 4) filing documents.

¹⁹ Website for Hanoi ESC: <http://www.vieclamhanoi.net>

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In Hanoi, there are five major groups of staff:

- 1) consulting group for registrations,
- 2) assessing group for calculating and recommending decision,
- 3) appraisal group (checking),
- 4) filing group (sending and receiving files to and from DoLISA,
- 5) reporting group for receiving files from satellite offices.

Both Hanoi and HCMC ESCs have expressed concern relating to the substantial number of documents to be filed. As the claim load increases, the problem is exasperated for larger ESCs. The problem is magnified as each ESC has developed a local filing process. In addition, the satellite offices in these two offices send all UI applications received to the main office for processing and filing. The locations of the satellite offices are very small and cannot accommodate any filing system nor staff for processing claims. There are also issues of costs and time associated with transporting the claims to the main office.

In HCMC, claims are filed according to registration date and date decision is issued. In Hanoi, claims are filed according to decision number and date. They don't feel that their filing system is cumbersome.

There is also the issue of archiving older files once the benefits have been terminated. There is a vital need to ensure terminated files are removed from the active files in order to assist with the filing of documents. PSI actually archive files for 10 years (but unemployed workers can file with 144 insured months) after which time they are destroyed. The current UI computer system being rolled out nationally has no capability of producing a list of terminated claims to assist staff in culling these files.

BoE is aware of the problems associated with filing a significant amount of documents and archiving issues and will be training staff in the near future (proposal for formal training is under the approval process). They will be inviting specialists from State records management and Archives Department of Vietnam to assist them in setting up a filing system and educate UI staff on the aspects of filing and archiving dossiers.

Recommendations for Filing/Archiving UI Dossiers:

Short term:

- 1) National standards for filing (paper documents) system with the assistance of State records management and Archives Department of Vietnam – Hanoi ESC seems to have a good system and could be consulted as well by the experts from the above departments and use as a pilot site;
- 2) New filing system should commence at the beginning of a calendar year, that is Jan. 1st 2012; should have three levels of files: 1) active dossiers (up to 3 months - after termination of benefits); 2) terminated dossiers (up to two years - after 3 months of termination of benefits); dormant dossiers (up to 12 years after registration date);
Could use scanning techniques when transferring dossiers from terminated to dormant status;

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- 3) Develop a program on the UI computer system to identify terminated claims (after 3 months of termination to ensure all documents have been filed; these terminated claims should be segregated from the active files; this program could be run quarterly or semi-annually and actioned by staff in the same timeframes;

Long Term:

- 4) Develop a national identifier which can be used by specific departments dealing with service to clients and used as a basis for filing and computer systems; discussions have already commenced with VSS to implement a unique national identifier;
- 5) Once the UI computer system is implemented nationally with all enhancements identified in this report, a study should be completed on the development of a full electronic file which would include scanning techniques for those documents which are not data entered into the computer system;
- 6) Develop a program on the UI computer system to identify dormant claims reaching the 12 year limit; could be run on a semi-annual or annual basis commencing from year 2020.

2.10 Vocational Training

In the six month report, we were unable to comment on the issue of vocational training as it was considered too premature for review and additional time would be required to assess this component. Therefore, this report highlights the problems identified by stakeholders associated with low attendance at training courses and recommendations on how to improve vocational training for the future.

The ILO advocates for a combination of cash benefits and active labour market policies to assist the unemployed. Under Active Labour Market Policies (AMLMP), vocational training plays a key role to facilitate employability of unemployed workers. The legal provisions are contained in SI Law articles²⁰ and Decree 127 article 17 as well as Circular 32, article 4 which states:

1. A labourer on unemployment allowance may, at his/her wish, be supported to learn a trade at a vocational training institution, but may not receive money to learn the trade on his/her own;
2. The vocational training support level for a labourer on unemployment allowance is equal to the cost for short-term vocational training under the law of vocational training; a labourer on unemployment allowance who wishes to learn a trade at a cost higher than the prescribed cost for short-term vocational training shall cover the amount exceeding the prescribed cost;
3. The vocational training support period depends on the training period for each labourer, but must not exceed six months; the vocational training support time is counted from the date a labourer starts to enjoy monthly unemployment allowance;

A labourer whose unemployment allowance enjoyment period terminates when he/she is attending a vocational training course approved by the director of DoLiSA may still receive vocational training support until the course is completed

4. Vietnam Social Insurance shall cover vocational training support expenses.

²⁰ SI Law, article 83: Persons who are on unemployment allowance shall be supported in vocational training for a period of no more than six months. The support level is equivalent to the level of expense for short-term vocational training in accordance with the law on vocational training.

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The provision on vocational training have been in effect since the implementation date of January 1, 2010 but few unemployed workers have been approved to attend a vocational training course. Statistics between Jan 2010 to June 2011 show only 534 unemployed workers have been approved for vocational training (only 0.2% of all those 294,763 approved to receive unemployment allowance).

There are a number of reasons identified by the stakeholders for such a low number of referrals. In Ho Chi Minh City, for example, the vocational training representative stated that the courses are for basic skills only as well as the low academic level of unemployed workers. Later, a visit to the HCMC Training Centre expanded on some of these reasons:

- ESC don't encourage unemployed workers about changing careers;
- Some companies need high levels of academic education – and professional training;
- Procedures are causing delays – takes one month for decision and an additional month to start training which is too long – these are migrant workers who would rather go back home instead of waiting for course to start; they feel workers are more keen on receiving unemployment insurance benefits than attending courses (new circular 32 allows for 10 days to process vocational training requests);
- Procedures do not encourage vocational training (PSI and ESC); 21 workers in HCMC attended course but the training centre still hasn't been paid; they informed ESC that they won't accept any additional unemployed workers until this issue is addressed (ESC Director present at meeting and will discuss with DoLISA Director to resolve the situation).

According to BoE's one year report, the numbers accepted for vocational training is low because there is still a high demand for lower skilled workers in the labour market; support for vocational training appears insufficient and too short to complete a course; also the quality of vocational training is lower than the expectation of workers. Also, many unskilled workers have no savings and require a job immediately.

Other stakeholders echoed the same reasons for low numbers approved for vocational training. Also, one comment from the worker survey mentioned that the courses were too short and insufficient amount of UI benefits were available. VGCL indicated they support vocational training but feel the courses are too short.

We also learned that many large employers, especially in the HCMC area, have their own training courses and provide formalized training in the garment and shoe industries. Many migrants know this and will quit one job to collect unemployment allowance only to return to work with a new employer after a few months.

Recommendations for Vocational Training:

Short Term:

- 1) Review procedures for processing requests for vocational training at the ESC and PSI levels; with the extension from 3 to 6 months of entitlement to UI benefits (for those with 36 to 71 months of insurable employment), this could provide more incentive to attend training courses in the future;

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Long Term:

- 2) Consider a provision to extend unemployment allowance to cover the length of the course in spite of receiving some unemployment allowance prior to the course; for example, if an unemployed worker is entitled to six months and has already received 4 months of unemployment allowance, the worker should receive the remaining 2 months of unemployment allowance and also an additional 4 months – this would cover the whole period of the vocational training course (need to have actuary investigate costs associated with the new proposed provision);
- 3) Consider amending the provision concerning the duration of courses to 12 months; also, consider more funding for higher level of vocational training course (again need further analysis by actuary);
- 4) Consider the possibility of using UI funds to support wage subsidies for employers who would provide on-the-job training to unemployed workers as a replacement to vocational training or compliment the same.

2.11 Other Issues

2.11.1 Appeals

Brief references were made in the six month review report to the development of an effective and efficient appeals system providing unemployed workers with recourse that is transparent and fair. However, since the implementation of UI in January, 2010, no appeals have been received to date and therefore, this is a cause for concern by the evaluation team.

The appeals process is intended to provide a general method of recourse for persons dissatisfied with the decisions by ESC/DoLISA on their entitlement to UI benefits. Workers, who do not qualify to receive UI benefits, receive a notice of Non-Qualification along with appeal rights. The right of an unemployed worker to appeal decisions made by ESC staff is the cornerstone of an objective and unbiased decision making process also recognized in the ILO Conventions related to UI and Social Security. Also, the appeal system should be effective and easy to use by workers and that they are transparent and fair to ensure their rights are protected.

But, it is felt almost all appeal procedures in Vietnam are not efficient as they are very bureaucratic and people do not believe their appeal can be considered with fairness or transparency. The SI Law²¹ demonstrates the bureaucratic nature of dealing with appeals.

1. Settlement of complaints about administrative decisions or administrative acts regarding social insurance shall be as provided for in the law on complaints and denunciations.
2. Settlement of complaints about social insurance-related decisions or acts other than the cases provided for in Clause 1 of this Article shall be carried out as follows:
 - a/ Persons competent to settle first-time complaints about social insurance are the persons who have issued the complained decisions or performed the complained acts.

²¹ Social Insurance Law: Chapter 9, Complaints and Denunciations About Social Insurance: Article 131 – Competence, Order and Procedures for Settlement of Complaints

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When the persons with social insurance-related decisions or acts that are complained about no longer exist, the district-level state management agencies in charge of labor are competent to settle the complaints;

b/ When complainants disagree with the decisions on settlement of the first-time complaints or when at the expiration of the set time limit the complaints have not yet been settled, they are entitled to initiate lawsuits at a court or complain with the provincial-level state management agencies in charge of labor;

c/ When complainants disagree with the complaint-settling decisions of the provincial-level state management agencies in charge of labor or when at the expiration of the set time limit the complaints have not yet been settled, they are entitled to initiate lawsuits at a court.

d/ The statute of limitations for lodging complaints and the time limit for settling complaints shall be as provided for in the law on complaints and denunciations.

Article 40 of Decree 127²² also provides insight into the appeal process. The first level of appeal when an unemployed person disagrees with the decision is the person or organization who issued the decision – that is, the Director, DoLISA (or ESC in the case of a person not qualifying for UI benefits) in the case of unemployment insurance. The second level of appeal is the Director, DoLISA or a lawsuit at court.

It is understandable that people in Vietnam do not have confidence in the unemployment insurance appeal system as the only route for an appeal is through the person who made the decision or file an expensive lawsuit.

BoE reported in their one year evaluation that no appeals have been received from unemployed workers even though a significant number of workers didn't qualify to receive UI benefits since the implementation of UI in January 2010. This is worrisome in that this casts doubts in the effectiveness of the appeal system.

We recommend that an independent and objective board of appeal be established to receive and decide on appeals filed by those who disagree with the decisions of BoE/ DoLISA. This board should be composed of three people who have no connections to government departments (suggest one representative of labour, one representative of employers and one chairperson who is respected in the community and displays unbiased and objective characteristics). VGCL and VCCI should be consulted for nominations for positions to the board. The budget for the new board of appeals should be via the UI fund (to be costed by actuary). The implementation of a transparent and fair board of appeals will be especially important if reduced benefits are imposed for voluntary quitters and those who are fired

²² Decree 127, Article 40:”a) when finding that an unlawful unemployment insurance related decision or act infringes upon his/her lawful rights or interests, a complainant may send a written complaint to the person or organization that has issued such decision or committed such act;”
.....3.a....”when a complainant disagrees with the decision on first settlement of his/her complaint or past the prescribed time limit, his/her complaint has not been settled, he/she may lodge another complaint to the director of a provincial-level Labour, War Invalids and Social Affairs Service or initiate a lawsuit at court;”

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from their job due to misconduct. Employers will also have the right to appeal decisions made by ESC/DoLISA.

BoE should ensure that all decisions are notified to the unemployed worker whether a claim is refused or accepted. All notices to unemployed workers should include a standard and easily understood description of how, where and when to appeal either the decision to pay, the approved amount or approved duration of payment. Public notices and postings should be made to advertise the rights to appeal. All relevant procedures should be reviewed including any necessary legislative changes. This will be especially important if reduced benefits are imposed for voluntary quitters and those who are fired from their job due to misconduct.

Also, it is recommended that statistics be kept in the future on the number of decisions sent regarding non qualification of UI benefits along with the reason why – e.g. SI Book not submitted, insufficient insured months, other documentation missing etc. The UI computer software should also be enhanced to record workers who do not qualify and reasons for non qualification. This should be included on monthly report of claims processing for ESCs.

2.11.2 Quality Control Program

A quality control program was recommended in the six month report in order to monitor the entire UI program from processing claims, payment of benefit to the appeals system. The 18 month report attempts to build on the quality monitoring of ESC claims for benefit during the field study. Templates were developed to assist in the monitoring which could be utilized in a full quality monitoring program throughout the country.

A quality control program is a management information system that would help to control errors in the processing of UI claims for benefit as well as identifying error types and recommended remedial action to prevent the error from occurring in the future. Most countries have implemented some type of quality control program which, through regular evaluation, monitors all aspects of the UI program for timeliness, accuracy and quality of service. The results of the quality control monitoring could be used as a key indicator of the efficiency and effectiveness of ESCs to be reported to ministry government officials. It can also be constructive as a training tool where consistent errors are made concerning a specific issue. The program could be valuable in monitoring the work of a new employee in the post-training period to ensure there are no gaps in the formalized training of the employee.

BoE conducted a sample of UI dossiers during the field trip which could be used as a prelude to a fully fledged quality program in the future. The monitoring could be conducted on a random basis of provinces by BoE staff or by the ESC Director or a senior staff member. It is recommended that a study be completed on the resourcing, financial and administrative details of a quality monitoring program.

2.11.3 Training of Newly Hired Staff

Training was not an issue with the six month report. However, at this time, some staff employees at ESCs have not received any formalized training but only on-the-job training.

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Formal training is a fundamental requirement to provide new employees with the necessary tools to perform their duties in an effective manner. It has been reported that only 50% of newly hired staff at ESCs have received their formal training. Most of the training that has occurred has been on-the-job training. We recommend that an official training package be developed to orient new employees outlining the organization, overview of the UI program and the valuable contribution of employees providing quality service. After the orientation exercise, full formal training could commence on policies and procedures for UI processing.

2.11.4 New Procedures of Unemployed Workers Failing to Collect UI Benefits

The current manual procedures are silent on the issue when the unemployed worker, for a variety of reasons, fails to collect the UI allowance or other UI benefits to which they were entitled (not mentioned in six month report but identified at this time). Some of the reasons are: found full time work, accident or injury, death, moved to another province etc. The procedures should outline the action required in each of these circumstances.

2.11.5 Enhancements to the UI Computer System

Since the six month report, the computer system has been implemented at two national pilot sites – HCMC and Binh Duong. HCMC had identified a number of enhancements to improve the system for this report.

Overall, the HCMC staff and Director of ESC are satisfied with the UI computer system and felt that it helps them to process and calculate claims for UI benefit faster than the manual process. They have little downtime and, in the case of an IT problem, remote assistance is timely and efficiently delivered by the service provider located in Da Nang. The internet seems to be working well with minimum interruption of service.

However, HCMC have identified a number of areas that needs enhancements as soon as possible. These enhancements have been identified in certain findings but we wish to consolidate all enhancements:

- System cannot perform suspensions, terminations or continuation of benefits; also need more functionality e.g. retrieve list of suspensions, terminations, continuations;
- The software doesn't apply level of authorities e.g. staff is responsible for inputting registration information but no capability of higher authority (senior officer) to override or change information to correct errors;
- They also requested more edits in tracking mistakes and errors;
- Need more sophisticated reports to assist with analysis to answer senior level enquiries (e.g. Provincial People's Committee) for questions such as identification of employers of those applying for UI, level of education, age range etc.;
- Require reports to be issued concerning terminations of claims (after 3 months) in order for file clerks to draw these files from the active file bay to the termination file bay as well as eventually drawing files for archiving after 12 years;

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- Need an input screen for results of monthly reporting for job seeking activities for both in person and possibly new telephone unit; as well as displaying history of monthly reporting;
- Need additional statistics on number of workers who did not qualify for benefits and the reasons for non-qualification (e.g. no SI Book submitted, insufficient insured months etc.

2.11.6 Staffing issues at HCMC

Staffing issues were also a problem at HCMC in the six month report. However, at this time, HCMC has requested using any savings from streamlining operations to be used to upgrade staff.

HCMC ESC Director has expressed concern relating to finding and keeping good staff members to work at this ESC due to low wages. According to the Director, they have an operating budget of 100 millions dong of which 40 million dong are earmarked for salary of staff employees. The remainder of the budget goes towards operating costs. They propose to use any savings from the operational costs to support salaries of employees especially those who require high skills such as an IT engineer [salary system of government: 830,000 dong (basic salary) x 2.4 (coefficient) = 1.9 million dong – to be considered by BoE.

2.11.7 Communication: Dissemination of Information

This is an ongoing issue since the six month report. There is a continuous need for communicating the UI policies and procedures by various methods.

During all stakeholder meetings held in Hanoi, Da Nang and HCMC, there was a consensus that the different departments worked very closely together to disseminate UI information to employers and the public at large. Many workshops were conducted jointly between DoLISA and PSI or ESC and PSI to explain about UI procedures for workers to apply for benefits. They also emphasized the responsibility of employers of their legal obligation to pay UI contributions to PSI in a timely manner and explained about administrative penalties or court action for failing to remit premiums.

There is a need to continue the dissemination of information on a continuous basis to ensure workers and employers understand the UI program and the rights of workers to collect UI benefits. DoLISA Directors have expressed concern that they are not reimbursed by the UI fund for these important activities. We recommend consideration be given to allow these administrative costs to be covered by the UI fund.

3. Conclusion

Excerpt from a paper entitled “Unemployment in Thailand: Rationales for the Early Introduction in a Second Tier Newly Industrializing Economy”:

“(7) Once-and-for-All Chance

A caveat must be mentioned at this point. If properly designed and properly managed, UI can maintain its financial sustainability and alleviate the plights of the unemployed even in newly industrializing economies. But that also means that UI might become financially unsustainable and might not mitigate the sufferings of the unemployed much, if improperly designed and/or improperly managed. Risk of ending up with having improperly-designed and/or improperly-operated UI is not small in many of developing economies. Once improperly designed UI is introduced, or once the UI scheme is seriously plagued with corruption and inefficiency in the first several years of its operation, the public will lose their confidence in UI, and both employers and employees will start resorting to all means available to evade the payment of their contribution to UI. The morale of the staffs in charge of UI will also deteriorate, and the abuse of the UI scheme by unqualified claimants will also become rampant. In this sense, the introduction of UI is a once-and-for-all chance. If a proper UI scheme is successfully installed, it will do a lot of good things. But if not, it may do more harm than good. To make it worse, once it is installed, it is difficult to uninstall. However, it should also be added that, though the introduction of UI is a risky endeavour, it is more risky for small export-dependent second-tier NIEs to face the volatility of the global market without having UI.”

Written by Mr. Yasuhito Asami who is a Professor of Comparative Politics at Hitotsubashi University. He received an M.A. in Asian Studies from Tokyo University in 1987 and an M.A. in Economics from Thammasat University in 1988. His research focuses on political economy, democratization and social policies in South East Asia.

While the six month review and evaluation was much broader in scope, the 18 month study provided an opportunity to examine in detail problems which are negatively impacting on claims processing and service delivery. This field study has demonstrated many positive aspects of the Vietnamese UI program such as:

- effective linkages between BoE, ESCs, DoLISAs and PSIs;
- the feeling of surveyed workers that they received excellent service from ESC staff;
- the results of the quality monitoring which, even though the number of claims monitored is not statistically valid, does provide evidence that claims are being effectively processed;
- in spite of substantial number of monthly reporting for job seeking services, ESC staff have worked diligently often forgoing lunch to provide the best possible service;
- PSI and ESCs and DoLISAs working together to overcome problems associated with the SI Book.

But, serious problems exist and need to be addressed in the short, medium and long term. The workflow for processing UI claims for benefit needs to be streamlined with cumbersome policies and procedures eliminated.

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The quality of UI payment is a major issue. A critical measure of success for a UI scheme is whether UI claimants actually receive the benefits to which they are entitled, and without delay. During this review tour, the monitors of the review team were not able to evaluate how long it takes before UI benefits are received by qualified unemployed workers, through the VSS payment system. This needs to be addressed in order to ensure the system is working efficiently.

There is a vital need for inspection and control units to investigate cases of delinquent employers and fraudulent claims for benefit by workers as well as other abuses of the UI fund. There is also a need to increase penalties for those employers who fail to remit their payments thereby impacting negatively on the sustainability of the UI fund as well as the workers who will not qualify for UI benefits because of these delinquent employers under the current provisions.

It has been reported that no unemployed worker has filed an appeal of ESC decisions which brings into question the credibility of the appeal system which is a fundamental right for workers applying for UI benefits recognized by the ILO Conventions related to UI.

Unemployment insurance benefits are primarily intended for workers who lost their jobs involuntarily, through no fault of their own (Conventions 102 (1955) and 168 (1988)). Yet, under the existing rules, workers who voluntarily quit their job without good cause are entitled to receive benefits without reduced benefits. Many stakeholders have expressed the feeling that the credibility of the UI program is tarnished by paying UI benefits to voluntary quitters. In addition, full UI benefits are provided to individuals who find new employment at once or return to their former employer, according to the so-called “lump-sum provision” which may create incentives to misuse the scheme.

Larger ESCs are being overwhelmed by the sheer number of workers who report monthly on their job seeking activities. The larger ESCs also expressed grave concerns relating to staffing of ESCs – very difficult to hire and keep good staff because of low wages.

The number of workers approved for vocational training courses is minimal and there’s no indication these numbers will increase in the near or foreseeable future.

The 18 month review and evaluation of Vietnam UI program makes a number of recommendations to address these serious issues on a short, medium and long term basis. BoE has demonstrated during the implementation of UI its ability to overcome obstacles in order to achieve success which demonstrates positive prospects that these issues will also be resolved to make the Vietnamese UI program very efficient and effective in the years to come.

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APPENDICES

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Appendix "A"

Proposed Changes to Decree 127

A working committee established after the National Dialogue Workshop held in Halong proposed a number of revisions to Decree 127 regulating the UI scheme. It is comprised of the BoE, Ministry of Finance, VSS, Vietnam General Confederation of Labour (VGCL) and Vietnam Chamber of Commerce and Industry (VCCI). The BoE acts as the secretariat of the Working Committee. As part of the review and evaluation, we have been requested to respond to these proposals.

Proposal #1: Revision of art. 34: extension of the registration period from 7 working days to 90 days. The period limit for the SI Book remains 15 working days after registration date.

Response: Most stakeholders agree that the period for registering for employment is too short especially since UI is relatively new in Vietnam. In principle, we concur with the extension. The unemployed worker would still commence receiving UI allowance on the 16th working day after the registration date

We propose that a backdating provision be included to allow for those workers who wish to have their claim commence at an earlier date when they register late through no fault of their own (e.g. unaware of UI rules, has already returned to work but due UI benefits).

This proposal does not address, however, the delays on obtaining the SI Book and could possibly make delays worse by reducing the pressure on employers.

Proposal #2: Art. 2: Clarification of the public servants' definition. All public servants, contractual and permanent, will be covered under the scheme. Government officials are still not covered by the scheme. The Ministry of Home Affairs (MoHA) is currently discussing the definition of contractual and permanent civil servant and government officials. The revised definition will be proposed under the amended Public Servants Law to be effective by 2012.

Response: Suggest keeping it clear and simple and should only exclude elected officials.

Proposal #3: Revision of Art. 38: ESC should be responsible for UI benefits payment (rather than VSS) within 20 working days.

Response: As mentioned in our presentation on UI in other countries, in many countries one department is limited to the role of collecting contributions and payments are centralized under the UI

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scheme A feasibility study assessing the staff, financial and institutional implications will be needed to determine whether similar institutional arrangements can be envisaged for Vietnam.

Proposal #4: Revision of Art 17: Subsidies for vocational training up to six months after application for vocational training support.

Response: As we understand it, vocational training is now allowed up to six months once the unemployed worker has been approved for UI allowance. The above revision would include those who are approved for a course while receiving UI but the course commences after the UI allowance has terminated.

We would suggest to expand this revision to include the following:

- 1) Increase the amount of payment to vocational training centres for higher skilled workers to attend (the SI Law and the Vocational Training Law would need revisions in this case) and
- 2) Allow unemployed workers to receive UI allowance while in attendance at a training course to a maximum six months on course (over and above their entitlement to UI allowance based on insured months). Example, Mrs. Ha is entitled to three months of UI allowance. She receives two months and then commences a training course in the third month. She would be paid for an additional five months while in attendance at the course. Her total UI payments would be 7 months.

These two suggestions would need to be referred to the actuarial consultant for consideration on the impact to the UI fund. .

Proposal #5: Revision of Art. 37: Submission of SI Book should be supported by a certified copy of the employment contract or certified termination agreement, to avoid malicious practice from the employee to receive double benefits or longer benefits.

Response: This proposal provides more flexibility to the unemployed worker when applying for UI allowance. The unemployed worker could submit either “a certified SI Book” or have a “document certifying UI premiums” to the ESC. Many PSIs are already issuing temporary documents certifying UI premiums which has substantially reduced the waiting time for unemployed workers in providing premium information to calculate the UI claim.

Proposal #6: Revision of Art. 19: Extension of health insurance coverage from the time that unemployed is confirmed eligible to unemployment benefits (rather than date of first payment).

Response: The revision is moving in the right direction. However, this will not cover the person between the termination date and the date confirmed eligibility. We recommend considering an automatic extension of the HI coverage to one month following the termination date of the contract in order to cover the gap.

Proposal #7: Employees under sick leave or maternity leave for more than 14 days in a month are not covered under the UI scheme during that particular month.

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Response: While a suspension of the period taken into account for the determination of entitlements and amount of the benefits in such cases would not raised particular concern (it is the case under most of the UI legislation) the exclusion of workers from UI coverage during the remaining days of the month will not be recommended.

Proposal #8: Beyond the revision of Decree 127, the working group made some recommendations to revise the UI articles under the Social Insurance Law. For instance, the amendment will consider extending coverage to enterprises with less than 10 employees and short term (less than 12 months) contracts.

Response: We concur with the proposal to extend UI coverage. In our presentation “UI in other countries”, we learned that most countries provide universal coverage of all employees which should be a model for Vietnam. In addition, we also recommend that the amount of salary to be considered for insurability purposes should be the whole salary including bonuses and overtime similar to the treatment of earnings under the tax law (instead of taking the salary specified in the contract).

Other responses: The proposals do not address the issue of non-compliance in paying premiums by employers.

Two additional issues have emerged concerning termination of UI benefits: 1) the act is silent on when a UI claim terminates when an unemployed worker has received partial benefits and finds work – a provision is required to limit the benefit period (e.g. one year maximum to receive full benefits to which he/she is entitled); and 2) once an unemployed worker has established a UI claim, received UI benefits and the claim terminates, the unemployed worker must reapply in the future with additional months of insured employment after the termination date.

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[Appendix "B"](#)

The schedule of 18-month evaluation for Unemployment Insurance in Viet Nam

Target:

1. 18 month review and evaluation of the UI scheme will identify and refine analysis of selected priority operational and design issues;
2. Provide technical assistance to BoE for quality assessment.
3. Propose and assess feasibility and applicability of possible solutions, learning from international practices.
4. Enhance the understanding of MoLISA officials and other stakeholders on the proposed alternatives to improve the UI scheme management model.

The evaluation team includes:

1. Bureau of Employment (BOE), Ministry of Labour and Invalids and Social affair (MOLISA), Vietnam Social Security: 3-4 people
2. Independent Consultants: 01 (Leader of the evaluation team)
3. ILO: 01-02 staff

On field:

1. Hanoi
2. Ho Chi Minh
3. Da Nang

No	Activity	When	Where	Participants	Content
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1/8/2011 - Monday					
1	International Consultants have a meeting with ILO	10am-12am	ILO office	Shafi, Quynh, Loan	Welcome section
2	Evaluation team meet with Leaders of BOE	2 pm-3 pm	BOE Office	Evaluation team and BOE Leaders	Agree on the contents and process of the evaluation
3	Meeting evaluation team to go through the method of evaluation.	3.pm -5. pm	BOE Office	All members of the evaluation group.	
2/8/2011 - Tuesday					
4	Meet with UI (Mr. Trung's team followed by Mr. Hung's team) – 1 hour each	9 am-11 am	UI Office	All members of the evaluation group.	Understand the implementation progress of UI in Viet Nam
	Meet with VSS– Collection Department	2 pm-3 pm	VSS Office	All members of the evaluation group.	Understand the collection progress of UI fund until now and estimate the collection and payment progress of this fund in the coming period
	Meet with VSS – Payment Department	3 pm -4.30 pm	VSS Office	All members of the evaluation group.	Understand the payment of UI fund until now and estimate the payment progress in the coming period
3/8/2011 - Wed					
5	Meet with VCCI- Representative of Employers in Vietnam	8.30 am-10.00 am	VCCI	All members of the evaluation group.	Understand the matters what representatives of leaders are concerning about UI fund.
6	Meet with Vietnam General Confederation of Labor	10.30 am - 11.30 am	Vietnam General Confederation of Labor	All members of the evaluation group.	Understand the matters what representatives of leaders are concerning about UI fund.

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	Training session on monitoring activity at ESC with monitors	Afternoon 1:30-2:30	BOE Office	All members of the evaluation group.	
	Fly to HCM city				
	4/8/2011-Thursday: Employment Service Centre 1 (HCM city)				
7	Meet with leaders of DoLISA	8:30-9:30 am-10 am	DoLISA office	All members of the evaluation group, exclude the team doing quality assessment.	- Understand the implementation of UI fund in HCM city
8	Meet with Provincial Social Insurance: Collection and Payment Departments	10.00 am-11.30 am	PSI office	All members of the evaluation group, exclude the team doing quality assessment.	- Understand the Collection and payment of UI fund until now and estimate the collection and payment of this fund in the coming period.
9	Meet with ESC leaders	13:30-15:00	ESC	All members of the evaluation group, exclude the team doing quality assessment.	- Understand the results of work done by Employment Service centre, DOLISA and the coordination between DOLISA, ESC and relating organizations.
	Meet with Unemployment Insurance Dept- Employment Service Centre 1.	15:00-16:30 pm	ESC	All members of the evaluation group, exclude the team doing quality assessment.	- Understand the process of receiving UI registration and continue relating steps.
	5/8/2011- Friday: Visit Employment Service Centre 1				
10	Visit one or two vocational trainings which already provided services for unemployed workers.	9:00-11:30	Go to vocational training center	All members of the evaluation group, exclude the team doing	- Understand the awareness of vocational training center about this policy - Any issues with UI policy and procedures

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				quality assessment.	
11	Stakeholders meeting	13:30-16:30	DoLISA office		- To understand the issues/debates raised by different stakeholders on UI
7/8/2011- Sunday					
	The team fly to ESC 2 (Da Nang)				
8/8/2011- Monday					
12	Have a meeting with Leaders of DOLISA	8.30 am-9.30 am	DoLISA	All members of the evaluation group, exclude the team doing quality assessment.	- Understand the result of work done by Employment Service centre, DOLISA and the coordination between DOLISA,ESC and relating organization.
13	Meeting with PSI: Department of UI collection & payment	10:00-11:30	PSI	All members of the evaluation group.	- Understand the collection and payment of UI until now and estimate the receiving and spending of this fund in the coming period.
14	Meet with ESC leaders	13:30-15:00	ESC	All members of the evaluation group, exclude the team doing quality assessment.	- Understand the results of work done by Employment Service centre, DOLISA and the coordination between DOLISA, ESC and relating organizations.
	Meet with Unemployment Insurance Dept- Employment Service Centre 1.	15:00-16:30 pm	ESC	All members of the evaluation group, exclude the team doing quality assessment.	- Understand the process of receiving UI registration and continue relating steps.
9/8/2011-Tuesday: continue working in					

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ESC2					
15	Stakeholders meeting	8:00-10:30	DoLISA office		- To understand the issues/debates raised by different stakeholders on UI
16	Meeting with Provincial General Confederation of Labor.	10:30-11:30	DoLISA office	All members of the evaluation group.	- Understand what the employees worry about UI
	Evaluation Team meets to discuss results of visit	13.30 pm-14:30 pm			
	Go back to Hanoi in the afternoon	4-5 pm			
Wednesday 10/8/2011 : Hanoi ESC					
17	Having an observation on a job fair in Hanoi. Have a meeting with Leaders of Employment Service Centre of Hanoi and leaders of DOLISA	8.30 am-10 am	ESC	All members of the evaluation group. Monitoring team	- Understand the result of work done by Employment Service centre, DOLISA and the coordination between DOLISA,ESC and relating organizations.
18	Meet with UI Dept in ESC office and Interview the employees when visiting Service of Employment Centre.	10.15am-11.30 am		All members of the evaluation group.	- Understand the process of receiving UI registration and continuing relating steps.
19	Meet with Provincial Social Insurance: Department of UI Collection and Payment.	1:30pm-3:00pm		All members of the evaluation group.	- Understand the collection and payment progress of UI until now and estimate the collection and payment progress in the coming period.
20	Meeting with Provincial General Confederation of Labor.	3:00-4:30	PGCL office	All members of the evaluation group.	- Understand what the employees worry about UI
Thursday 11/8/2011: Hanoi ESC					

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21	Stakeholders meeting	8:30-11:30	DoLISA office		To understand the issues/debates raised by different stakeholders on UI
	Team meeting	Afternoon			
	Friday 12/8/2011: Working in Ha Noi				
	Meeting of the evaluation group	Morning			
	The consultant works independently	Afternoon			
	13,14,15,16,17/8/2011:				
	The consultant works independently				
	Thursday 18/8/2011:				
	The consultant presents the result of quick evaluation – a workshop/meeting will be organized				
	The consultant presents on key international management models for UI				
	Friday 19/8/2011:				
	Wrap up meeting with ILO	Morning			

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Appendix "C"

Satisfaction Survey for Unemployed Workers on Registering for Unemployment or Applying for Monthly UI Allowance or Other Benefits August 2011

<p>An evaluation study is being conducted on the implementation of Unemployment Insurance which commenced on January 1st, 2010 in Vietnam.</p> <p>As part of the evaluation study, we are interested in hearing your comments on the level of service provided by the Employment Service Centre and others who are part of the registration-application and payment process, as well as other services such as job counselling, provision of job vacancies and vocational training opportunities.</p> <p>It is optional to provide your name, address and phone number.</p> <p>It would be appreciated if you could complete the questionnaire and submit it to the UI staff upon completion. This information will assist the Bureau of Employment to develop strategies to enhance service to the public and improve Unemployment Insurance overall.</p> <p>Thank you for taking the time to complete the questionnaire and if you have any questions, UI staff will be pleased to assist you.</p>	<p>a) Where applicable, please circle the most appropriate answer to each of the statements using the following codes, which gives the extent to which you either agree or disagree with the statements.</p> <p>Strongly Agree = 1</p> <p>Agree = 2</p> <p>Neither Agree or Disagree = 3</p> <p>Disagree = 4</p> <p>Strongly Disagree = 5</p> <p>b)For questions with: "yes - no - don't know" please circle the appropriate response.</p> <p>c)Some questions require a written response.</p> <p>If there is insufficient room in the blocks to complete your response, please continue on the last page of the survey or the back of the page.</p>
<p>Required Information:</p>	

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Occupation: _____

Which job are you looking for : _____

Last remuneration, including bonuses : _____

Personal Information (OPTIONAL TO COMPLETE):

Name: _____

Address: _____

Telephone Number: _____

SI Book Number: _____

1. Before my employment was terminated	
a. I am under UI coverage	Yes - No - Don't Know
b. How much you have to contribute per month for UI premium	1- 1% of your salary 2- 2% of your salary 3 – 3% of your salary 4 – Don't Know
c. Your basic salary for which UI premium is based on is somewhat	
1- Equivalent to my total monthly income	1 – Total
2. Equivalent to 80% of my total monthly income	2 – 80%

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3. Equivalent to 50% of my total monthly income	3 – 50%
4. Less than 50% of my monthly income	4 – less than 50%
	5 – Don't Know
d. My employer always paid UI premiums for me	Yes - No - Don't Know
e. How did you become aware of the requirement for registration?	1- Employer 2- Friends 3- Mass-media 4- ESC 5- others

2. After my employment was terminated	
a. My employer was aware of the requirements of providing me with my Social Insurance Book and record of termination.	Yes – No – Don't Know
b. My employer provided me with the Social Insurance Book and letter of termination (1= within 7 days; 2= within 14 days; 3= within 21 days; 4= within 28 days; 5= did not comply)	1 2 3 4 5
c. I was aware of the requirement to register within 7 working days of my termination from employment.	Yes - No - Don't Know
d. I was aware of the requirement to apply for benefits within 15 days of my registration for unemployment	Yes - No - Don't Know

3. This Provincial Employment Service Centre	
a. Is in a good location for me to access services.	1 2 3 4 5
b. Has adequate signage to identify where to go when registering for unemployment or applying for Unemployment Insurance services.	1 2 3 4 5
c. provides adequate information on the unemployment insurance scheme.	1 2 3 4 5

4. The Unemployment Insurance staff worker	
a. Was pleasant when Introducing himself-herself	1 2 3 4 5

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b. was courteous throughout the interview	1 2 3 4 5
c. Explained my rights and obligations while receiving UI allowance	1 2 3 4 5
d. Seemed to be knowledgeable about unemployment insurance	1 2 3 4 5
e. Was able to answer all my questions	1 2 3 4 5
f. Took additional time to ensure all information submitted	1 2 3 4 5
g. Provided additional information to assist with finding work	1 2 3 4 5
h. I left the Provincial Service Centre satisfied with the service I received	1 2 3 4 5
i. Please write any other comments on your impressions of the service you received at the Provincial Service Centre:	
5. Payment of UI Allowances (regular or lump sum)	
a. If you have applied for UI allowances, from the date of application, how many days did it take to receive the decision made by DoLISA director on your UI benefits	_____ days
b. What is the issue date of that decision?	Date: _____
c. From the time you received the decision, how many days did it take to receive your first payment?	_____ days
d. What is the date of receipt of that payment?	Date: _____

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. How many times have you actually been to either ESC, employer or PSI in order to complete all procedures and to get the first payment? Please put them in order			
No.	to where?	For what purpose?	
f. If you were not entitled to payment, did you receive a notification of the reasons why you were not entitled?			Yes – No – Not Applicable
g. I was satisfied with the service I received in regards to the payment of UI allowance or other benefits.			1 2 3 4 5

6. Job seeking service	
a. I received excellent service relating to the counselling and/or job-seeking services provided by ESC.	1 2 3 4 5
What ESC action provided this rating?	Response:

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b. Have you ever found a job via ESC in the past?	Yes – No – Don't Know
c. If you are on UI benefits and are not interested in using job seeking services, please explain why.	Response:

7. Vocational training	
a. If you have applied for vocational training, from the date of application, how many days did it take to receive the decision made by DoLISA director ?	_____ days
b.What is the date of application for vocational training?	Date:-----
c.What is the date of issue of that decision?	Date:-----
d. If you are on UI benefits and are not interested in applying vocational training, please explain why.	Response:
e. I received excellent service with regard to the service I received from the training institution .	1 2 3 4 5
f.If you have completed the course, what are the new areas of knowledge and skills that you have learnt from the vocational training course?	Response:

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8. What suggestions would you make to ensure the public is well informed about the unemployment insurance program

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9. What suggestions would you make to improve service at this Provincial Employment Service Centre

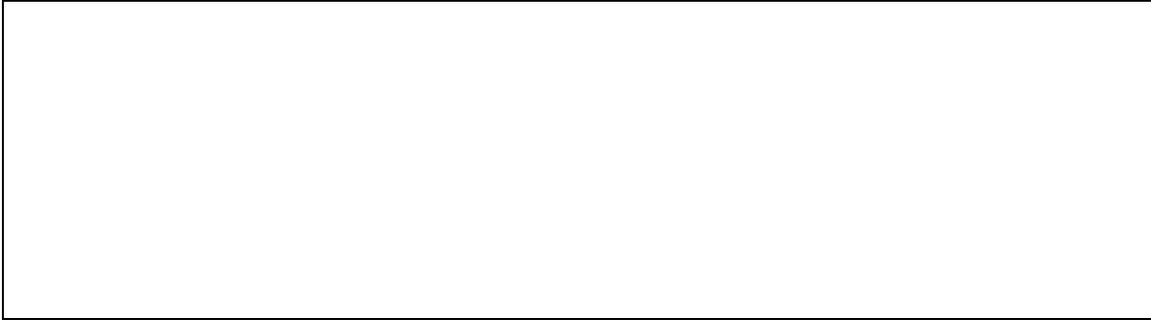
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10. Do you have any suggestions to improve unemployment insurance in general in Vietnam

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[Appendix "D"](#)

Results of Worker Survey Conducted between Aug 4th to August 11th		
Question #	Question	Results
1a	I am under UI coverage	Yes – 96 No – 0 Don't Know – 0 Total - 96
1b	How much you have contributed per month for UI premium	1% - 94 2% - 0

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		3% -	0
		Don't Know -	2
		Total:	96
1c	Your basic salary for which UI premium is based on is somewhat	1 – total –	31
		2 – 80% -	56
		3 – 50% -	3
		4 – less than 50%	3
		5 – Don't Know -	3
		Total:	96
1e	How did you become aware of the requirement for registration?	1 – Employer –	87
		2 – Friends –	6
		3 – Mass Media –	3
		4 – ESC –	0
		5 – Others –	0
		Total:	96
2b	My employer provided me with the Social Insurance Book and letter of termination	1 – within 7 days –	59
		2 – within 14 days –	22
		3 – within 21 days –	2
		4 – within 28 days –	3
		5 – did not comply -	10
		Total:	96
3a	This Provincial Employment Service Centre is in a good location for me to access services	1 –	31
		2 –	60
		3 –	3
		4 –	1
		5 –	0
		No response -	1

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		Total:	96
4b	The Unemployment staff worker was courteous throughout the interview	1 –	74
		2 –	22
		3 –	0
		4 –	0
		5 –	0
		Total:	96
4g	The Unemployment staff worker provided additional information to assist with finding work	1 –	82
		2 –	8
		3 –	5
		4 –	0
		5 –	1
		Total:	96
4h	I left the Provincial Service Centre satisfied with the service I received	1 –	82
		2 –	13
		3 –	1
		4 –	0
		5 –	0
		Total:	96
5g	I was satisfied with the service I received in regards to the payment of UI allowance or other benefits.	1 –	42
		2 –	50
		3 –	0
		4 –	0
		5 –	0
		No response:	4
		Total:	96

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Question #	Question and Response
8	<p>What suggestions would you make to ensure the public is well informed about the unemployment insurance program?</p> <p>Responses:</p> <ul style="list-style-type: none"> - Want to know more in books, newspapers, radio - Maintain and strengthen communication - Want to be regularly updated about UI policy - More info on UI and dissemination of policy - All information should be widely disseminated via mass media. - Should keep more people informed - More information on UI policy via mass media
9	<p>What suggestions would you make to improve service at this Provincial Employment Service Centre?</p> <p>Response:</p> <ul style="list-style-type: none"> - Shorten travel time
10	<p>Do you have any suggestions to improve unemployment insurance in general in Vietnam?</p> <p>Responses:</p> <ul style="list-style-type: none"> - Shorten waiting period and number of times travelling - Shorten waiting period and improve job seeking services - One agency handle all tasks - Simplify process to allow workers to receive UI at point of receiving decision

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Appendix "E"

Claims Monitoring Report				
ESC:		Date:	Page:	
UI Worker Name:		SI Book #:	ID Card Number:	
Monitoring by Issue				
Error Code	Issue	Potential Impact on Pay	Clerical Error	In Order
Registration:				
100	The worker registered within 7 working days of termination			
101	All supporting documentation on file and worker signed form			
Applying for UI Benefits:				
200	The worker applied for UI benefits within 15 working days of registration			
201	All supporting documentation on file and worker signed form			
202	Rights and Obligations given to worker			
203	The worker had sufficient monthly premiums to qualify			
204	The worker had insufficient monthly premiums to qualify and Form 06 was sent to unemployed worker with reasons			
Assessment:				
300	Worker found full time work and benefits stopped			
301	Worker joined the military and advised of lump sum payments			
302	Worker is in receipt of a pension			
303	Worker refused job(s) and benefits stopped			

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Recommendations to Director:				
400	Sufficient Monthly Premiums			
401	Monthly Allowance Amount			
402	Duration of Monthly Allowance			
403	Start Date of Paying UI Allowances			
404	Identification of any Outstanding Issues			
405	Recommendation to allow or disallow claim			
406	Recommendation signed off by Director			

Claims Monitoring Report (continued)		
Payment:		
	Details	Number of Days
a)	# of days final decision by Director DOLISA sent to VSS for payment	
b)	# of days actual payment made to worker from date final decision sent to VSS	

Details of Errors (If no errors, skip this section)		
Error #	Impact on Pay or Clerical Error?	Details of Errors

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CLAIM IN ORDER (includes claims with clerical errors (identify with "x" in block to right)	
Date Monitored:	
Name of Monitor:	
Signature of Monitor:	

**18 MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

[Appendix “F”](#)

Report on quality monitoring

At HCM ESC

Date of monitoring:

Person in charge of monitoring:

Quality monitoring					
#	Name of unemployed workers	SI book number	Results of quality check		
			Potential Impact on Pay	Clerical Error	In Order
1	NGUYỄN NGỌC TÂM	9107189845		1	11
2	VÕ THỊ KIM LIÊN	0296276110		1	11
3	LÊ THỊ MINH PHƯƠNG	0205120204			12
4	NGUYỄN VĂN MINH	0296284268			12

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5	VÕ THỊ KIM HẰNG	7908155465			12
6	HUỖNH THỊ KIM XUYẾN	0296014171			12
7	NGUYỄN VĂN MINH VƯƠNG	0207212221			12
8	NGUYỄN HOÀI KIÊN	0203250410			12
9	TRẦN THỊ CÔNG THỤ	0207233610			12
10	NGUYỄN THỊ NGỌC NHIÊN	0206047653			12
11	PHẠM NGỌC HƯƠNG	0207451317			12
12	PHẠM THỊ NGUYỆT	0204357807			12
13	ĐOÀN THỊ HỒNG HOA	0204149262			12
14	NGUYỄN THỊ LÁNH	0203202943			12
15	HUỖNH CHIẾN HỮU	0203058976			12

16	PHAN NGỌC ĐIẾP	0204118701			12
17	NGUYỄN THỊ PHƯƠNG ANH	7908326995			12
18	ĐẶNG THỊ THANH LAN	0203120978			12
19	HOÀNG THỊ KIM CHUNG	6604224582			12
20	TRẦN THỊ THU TRINH	4807020249			12

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21	NGUYỄN CHÍ DŨNG	0297020850			12
22	NGUYỄN THỊ NHÀN	7909343208			12
23	LÊ HOÀNG VŨ	0207399926			12
24	NGUYỄN THỊ HỒNG VÂN	0205302264			12
25	TRƯƠNG HOÀNG HẢI	7909078671			12
26	MAI THÚY LOAN	7909366660			12
27	NGUYỄN THỊ THU HƯƠNG	7908513542			12
28	NGUYỄN THỊ KIM NGÂN	0206394025			12
29	HUỲNH THỊ KIM PHƯỢNG	0204358627			12
30	BÙI THỊ ÚT	0206010846			12
31	NGUYỄN THÀNH ĐẠT	0202053726			12
32	VÕ THỊ ÁNH NGUYỆT	7909330245			12
33	LÊ THỊ YẾN LOAN	0204197423			12
34	BÙI THỊ THANH THẢO	7909427939			12
35	HUỲNH THỊ HỒNG HOA	7908276429			12
36	TRẦN BÍCH CHÂU	0201017114			12
37	NGUYỄN THỊ THÚY HỒNG	0206097012			12

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38	PHẠM THANH TÙNG	0299116588			12
39	PHẠM VĂN SƠN	7909202979			12
40	NGUYỄN ĐĂNG ANH	0207355538			12
41	MAI NGỌC GIÀU	7908272345			12
42	LÊ THỊ VĨNH HẢO	7910089504			12
43	NGUYỄN THỊ TUYẾT	7909368911			12
44	LÊ THỊ PHƯƠNG EM	0206146939			12

In summary

a) Total Claims Monitored	44
b) Total Claims with "Pay Affect Errors"	0
c) Total Claims with "Clerical Errors"	2
d) Total Claims "In Order"	42
Percentage of "Claims in Order" ("A" divided by "D")	95%

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Specifications and reasons

- Clerical errors exist since the copy of UI information of registration has not been given to unemployed workers for two cases. This was explained that too many people came at the same time, UI staff and office facilities had not been allocated sufficiently.

Proposal :

- Improve working infrastructure and tools to support UI implementation.
- More financial support and HR should be given to HCM city to complete the pilot of exchanging database between PSI and ESC.

Date of report completion:
Name of monitor: Pham Xuan Vinh and Khuong Thi Kieu Oanh
Head of quality monitoring team:

18 MONTH REVIEW REPORT ON THE VIETNAM

UNEMPLOYMENT INSURANCE SCHEME

Report on quality monitoring

At Da Nang ESC

Date of monitoring:

Person in charge of monitoring:

Quality monitoring					
#	Name of unemployed workers	SI book number	Results of quality check		
			Potential Impact on Pay	Clerical Error	In Order
1	NGUYỄN THỊ LÀNH				3
2	HUỖNH TUẤN				3
3	TRẦN THỊ KHÁNH VÂN	0401004224			12
4	TRẦN DUY VŨ	7908105420			12
5	NGUYỄN VĂN HẬU	0405009411			12
6	MAI ĐÌNH LỘC	0407011769			3
7	NGUYỄN THỊ HUỆ			1	2
8	DƯƠNG VĂN MINH	042002724		1	2
9	PHẠM THỊ HỒNG BẮC	3496039054		1	11
10	BÙI QUỐC CHIẾN			1	11
11	NGUYỄN VĂN DUY AN	4809015687			12
12	TRẦN THỊ HÀ	4809026900			12
13	MAI THỊ LỆ THỦY	0404009360			12
14	TRẦN VĂN TÂM	4808031877			12
15	NGUYỄN VĂN TẤN	4809012437	1		12
16	BẠCH HY	4609003360			12

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17	TRẦN VIỆT TRUNG	0405012892			12
18	PHẠM THỊ ÁNH HOA	3497070623			12
19	HUỖNH BÊ	4809005549			12
20	TRẦN THỊ KIM YẾN	0406008009			12
21	HUỖNH THỊ VÂN	0403009860			12
22	HỒ THỊ KIM OANH	3496038596			12
23	NGUYỄN THỊ LIÊN	4810003267			12
24	NGUYỄN THỊ YẾN	04098001329			12

In summary:

a) Total Claims Monitored	24
b) Total Claims with "Pay Affect Errors"	1
c) Total Claims with "Clerical Errors"	4
d) Total Claims "In Order"	19
Percentage of "Claims in Order" ("A" divided by "D")	79%

Specifications and reasons

- Clerical errors are made by not having signatures of unemployed workers in the information-for-registration form or determination of wrong date for commencing UI benefits.
- Pay Affect Error is identified with a decision made, not after 15 working days since the date of unemployment registration, but within the period.
- Danang pay in cash, therefore we cannot determine the date of payment of UI allowance.

Proposal:

To roll out the UI software as soon as possible

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UNEMPLOYMENT INSURANCE SCHEME

Date of report completion:
Name of monitor: Pham Xuan Vinh and Khuong Thi Kieu Oanh
Head of quality monitoring team:

18 MONTH REVIEW REPORT ON THE VIETNAM**UNEMPLOYMENT INSURANCE SCHEME****Report on quality monitoring****At Ha Noi ESC**

Date of monitoring:

Person in charge of monitoring:

Quality monitoring					
#	Name of unemployed workers	SI book number	Results of quality check		
			Potential Impact on Pay	Clerical Error	In Order
1	PHẠM ĐÌNH TÂN	0109024363			12
2	NGUYỄN THỊ TRỌNG NGHĨA	0109002052			12
3	TRỊNH MINH HÀ	0207174230			12
4	NGUYỄN HỒNG HẢI	0199019569			12
5	NGUYỄN THỊ NHÀN	2297033258	1		5
6	NGUYỄN BÍCH LOAN	0198042450			12
7	CAO THU HIỀN	2608010185			12
8	TRỊNH THỊ THU HUYỀN	2207010654			12

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9	HÀ QUỐC HUÂN	0197043921			12
10	ĐỖ THỊ NGUYỆT	0104028977			12
11	LÊ THANH SƠN	0105001653			12
12	TRẦN THỊ LỰA	8306004023			12
13	TÀO THỊ HUYỀN	0103001818			12
14	NGUYỄN ANH TUẤN	7909006178			12
15	ĐẶNG HOÀN TOÀN	0109026694			12
16	NGUYỄN THỊ MỸ LIÊN	0110110605			12
17	NGUYỄN MẠNH HÙNG	0198034313			12
18	TRẦN THANH TÙNG	8704008422			12
19	VŨ THỊ LƯƠNG	0103009939			12
20	NGUYỄN THỊ NHUNG	0106065833			12
21	NGUYỄN HỒNG LONG	0110001640			12
22	NGUYỄN ANH ĐỨC	0198080456			12
23	NGUYỄN TIẾN DŨNG	0198111762			12
24	NGUYỄN THỊ TUYẾT NHUNG	0110105914			12
25	NGUYỄN THỊ THOAN	0101049137			12
26	LÊ THỊ THU HÀ	0105060508			12
27	TRẦN THỊ THU HƯỜNG	0304004428		1	11
28	VIÊN NGỌC QUANG	0110049329		1	12
29	NGÔ NGỌC MINH	0199064372			12
30	PHẠM THỊ ĐÀO	0106059208			11
31	LÊ NGỌC THƯ	0199068055			12
32	NGUYỄN ANH TUẤN	0199057018			11
33	NGÔ THỊ BẠCH NGÂN	0105045268			12
34	NGUYỄN THU THỦY	0109085458			12

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UNEMPLOYMENT INSURANCE SCHEME

35	TRỊNH QUANG HẢI	3508001802			12
36	PHẠM THỊ THANH HUYỀN	0197000908			12
37	ĐỖ VĂN DUYÊN	0199080555	1		10
38	LÝ THỊ LAN	0110099483		1	12
39	NGUYỄN THỊ MUÔN	0107097341	1		10

Result summary:

a) Total Claims Monitored	39
b) Total Claims with "Pay Affect Errors"	3
c) Total Claims with "Clerical Errors"	3
d) Total Claims "In Order"	33
Percentage of "Claims in Order" ("A" divided by "D")	85%

Specifications and reasons

- Clerical Errors were made since no signature of unemployed workers in the information-for-registration form or submitted application late (for one day).
- Pay Affect Error" is the error of issuing decision of UI benefits before the 15WDs expired.
- Hanoi also paid unemployed workers in cash, thus we could not be able to determine the date when the UI allowance is paid.
- DoLISA, ESC and Hanoi PSI have agreed that for the claims those came in the beginning period of UI, (first months of 2010) should receive some extension of timing as they are not fully aware of UI procedures.
- ESC has followed the inter-departments official letter No. 874/LĐTĐBXH-BHXH, in which the ESC was given only 10 days since the date claim submission to complete all processing work, therefore if unemployed worker submitted claims early (on the same date of registration) then the decision is drafted before the 15WDs expired.

Proposal:

- Computerise UI work.
- Transfer the task of signing Decision of UI benefits to the director of ESC.
- Remove or extend the deadline for UI registration and claims submission.

Date of report completion:

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UNEMPLOYMENT INSURANCE SCHEME

Name of monitor: Pham Xuan Vinh and Khuong Thi Kieu Oanh
Head of quality monitoring team:

Appendix "G-1"

Unemployment Insurance in Other Countries – Argentina		
Handout #1A		
1	Historical Development	<p>Launched an Unemployment Insurance Program in 1991; this law went far beyond the matter of unemployment protection as it also dealt with issues such as training and employment services, labour contracts;</p> <p>2002: major economic crisis giving rise to new major relief program entitled "Heads of Households"; processed 2 million claims for those who were heads of households and had children under age 18 or disabled or were expectant mothers - indefinite payments;</p> <p>2006: implemented new program entitled "Training and Employment Insurance" in order to draw employable persons away from the "Heads of Households" Program.</p>
2	Main Features	<p>Only employers pay into the UI fund;</p> <p>AFIP – Federal Administration of Public Revenues (collect premiums);</p> <p>ANSES – National Social Security Administration (processes claims for benefit and payment of UI benefits); 307 offices nationally;</p> <p>MTEySS – Ministry of Labour, Employment and Social Security (administers employment programs including "Heads of Households" and "Training and Employment Insurance");</p>

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		<p>Have very effective electronic linkages with the three departments.</p> <p>Informal employment is a major concern; for example, the share of salaried workers not contributing to public pension scheme peaked at 49% in 2004 (not included are formal employees whose earnings are being underreported)²³.</p> <p>ANSES processes claims for UI benefit; their systems are automated and linked in real time to those at AFIP (collect premiums) in order to retrieve the contribution history of individuals; ANSES is also linked to the Ministry of Labour, Employment and Social Security to access jobseeker's records;</p> <p>ANSES were to launch a pilot program to take UI applications over the internet.</p> <p>Payments are paid by issuing a payment order to claimants, allowing them to present themselves to the State bank to withdraw funds.</p>
3	Coverage	<p>Covers most salaried workers in the private sector except the construction and agricultural sectors (covered by separate schemes and persons employed by private schools, teachers at private universities and domestic workers);</p> <p>Coverage is not extended to public service employees (federal, provincial or municipal).</p>
4	Premium Collection	<p>Employers remit 1.5% of employees wages (temporary or partial exemptions for certain employers); workers do not pay premiums;</p> <p>Premiums are collected by the national tax collection agency, Federal Administration of Public Revenues (AFIP) and transferred to the National Employment Fund (a separate account under the authority of the Ministry of Labour, Employment and Social Security).</p>
5	Qualifying Conditions	<p>Workers must first have lost their job through no fault of their own (e.g. lack of work not due to the employer's fault, end of labour contract for a group of employees due to economic or technological causes)</p> <p>Cannot be in receipt of a pension or compensation for occupational disability or accident (unless they have an incapacity of less than 66%)</p> <p>Must file for benefits within 90 working days of losing their job at the National Social Security Administration office (ANSES);</p> <p>Need to bring ID card and a copy of the employer's notice of job termination (normally sent by telegram);</p>

²³ Report entitled "The State of Unemployment Insurance Protection in Argentina in 2006 – Observations and Recommendations" by Michel Bedard

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		<p>Also need to bring pay stubs to establish their normal earnings over the last 6 months;</p> <p>Need to have worked a minimum of 12 contributory months in the past three years in order to establish a claim for benefit;</p> <p>Need to sign a one-page sworn statement concerning some of the basic conditions for receiving benefits;</p> <p>Do not ask for further information such as qualifications, training, education, experience and any restrictions to accepting suitable employment.</p>
6	Duration and Benefit Rate	<p>Benefit duration depends on the length of employment: 6 to 36 contributory months would pay between 4 to 12 months of UI benefit (less for workers of temporary placement agencies); also older workers aged 45 and over could receive an additional 6 months provided they accept prescribed training and re-employment measures;</p> <p>UI benefits paid monthly averaging about 240 AR\$ (Argentine Pesos); Maximum benefit is 400 AR\$ (\$97 U.S.); the rate is 50% for the first four months and drops to lower levels after that.</p>
7	Waiting Period	
8	Continuation of Benefits	<p>Jobseekers need only present themselves occasionally to the ANSES office; must continue to be unemployed and report a job with a new employer; no explicit obligation for unemployed persons to maintain active job search;</p> <p>Must accept suitable job offers and training courses to which they are referred; repeated job refusals will lead to benefit termination.</p>
9	Employment & Employability Initiatives	<p>A special benefit provision initiated in 2003 provides for a lump-sum payment of up to twice an individual's remaining benefits for unemployed persons who present a viable business plan or to join an existing enterprise.</p>
10	Advantages	<p>Excellent electronic linkages between departments administering UI benefits and employment initiatives;</p> <p>Effective workflow with electronic access to each other's databases; process claims effectively and pay benefits in a timely manner;</p> <p>Lump sum provisions to encourage unemployed workers to find work quickly;</p> <p>Provisions to assist older workers by improving duration of benefits.</p>
11	Disadvantages	<p>There appears to be room for more effective co-ordination between ANSES (claim processing) and MTEySS (employment); could be better controls for establishing and paying benefits;</p>

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		Only employers pay into UI fund; employees are exempt from contributions; no social obligation for workers and possibly less involvement in UI policies; Informal Employment a major concern; not viable to extend UI benefits to this group; could improve unemployment assistance as an alternative; Lack of monitoring of active job search on continuing claims is a deficiency.
	Exchange Rate	1 U.S. Dollar = 4.12 pesos ²⁴ (July 2011)
	Unemployment Rate	7.4% (March 2011) ²⁵

²⁴ From Bank of Canada: <http://www.bankofcanada.ca/rates/exchange/daily-converter/>

²⁵ From Website "Trading Economics": <http://www.tradingeconomics.com/argentina/unemployment-rate>

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[Appendix "G-2"](#)

Unemployment Insurance in Other Countries

Bahrain

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Handout #1B		
1	Historical Development	<p>2005: Actuarial study completed in cooperation with ILO;</p> <p>2006: Unemployment Insurance Law effective Nov 2006;</p> <p>2011: Major political unrest in March leading to emergency measures being declared; government is conducting a Labour Reform initiative which will allow ex-pats complete freedom of movement between jobs and unemployment benefits for those out of work²⁶.</p>
2	Main Features	<p>There are two main types of benefits: 1) Compensation benefits and 2) Aid benefits²⁷;</p> <p>Compensation benefits are paid to those who have lost their employment through no fault of their own and has sufficient insured months to qualify for benefits;</p> <p>Aid benefits are paid to first time job seekers who have graduated from university and have entered the labour market to find work (also includes those who do not qualify for compensation benefits);</p> <p>Unemployed workers are allowed to accept part-time work and still collect UI benefits – difference between the amount of salary and the UI benefits.</p> <p>Social Insurance Organization (SIO) responsible for the collection of premiums, payment of UI benefit and management of the account;</p> <p>Ministry of Labour responsible for registration of unemployed, processing claims, offering employment/training courses and suspension of benefits;</p> <p>The Unemployment Insurance Office is responsible to accept and process UI claims for benefit;</p> <p>Central Informatics Organization (CIO) have the responsibility for maintaining the database for the national identifier and also smart card technology; the smart card is used for applying for social insurance benefits;</p> <p>There are electronic linkages between SIO and CIO to UI staff;</p>

²⁶ Arabian business report: Minister of Labour Director Dr. Majeed Al Alawi announcement:
<http://www.arabianbusiness.com/bahrain-leads-gcc-with-labour-amp-welfare-reforms-18999.html>

²⁷ Legislative Decree No (78) of the year 2006 with respect to “Insurance Against Unemployment”

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		this allows staff to access premium records and also national identifier information; when the unemployed worker has his/her UI application checked at the front desk, the staff immediately access the SIO records to ensure worker has sufficient insured employment.
3	Coverage	Civil servants (not armed forces), salaried workers and first time job seekers are covered.
4	Premium Collection	Employers, workers and the government all pay 1% of salaries; however, the Labour Fund ²⁸ actually pays the employer's premium share; The government has established a separate UI fund in the Social Insurance Fund under the control of the Social Insurance Organization (SIO); the account is used to provide compensation and unemployment benefits and meet administrative expenses.
5	Qualifying Conditions	<u>For Compensation Benefits:</u> not left his employment of his own free will; shall be able to take up employment; shall have the desire to work; shall not have been dismissed from his job for disciplinary reasons; Requires minimum insured months of work: first time compensation – needs 12 continuous months of work; second time compensation – needs no less than an additional 12 months in 18 month period; third time compensation – needs no less than 18 months in 24 month period; four or more compensations – needs 36 months in 48 month period <u>For Aid benefits:</u> must be a Bahraini citizen not less than 18 years of age; shall be able to work; shall have the desire to take up employment; shall look in earnest for a job; shall join the prescribed training ensuring his regular attendance and complete it successfully; a first time job seeker.
6	Duration and Benefit Rate	<u>Duration for Compensation benefits:</u> 6 continuous or intermittent months for each time of entitlement; <u>Duration for Aid benefits:</u> 6 months for a continuous period of

²⁸ Labour Fund formulates strategic and operational plans to assist employers find well trained workers and employees suitable employment; funded by fees collected by LMRA – Labour Market and Regulatory Association; LMRA is responsible for issuing work permits to ex-patriates – employers are required to pay BD 200 for each permit as well as a monthly fee of BD 10 (but this requirement was postponed due to political unrest in March). LMRA website: <http://portal.lmra.bh/english/faq/question/10>

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		<p>12 months</p> <p><u>Benefit payment for Compensation benefits:</u> is 60% of insured's wages to a maximum of BD 500 (minimum rate is BD150); BD = Bahraini Dinars</p> <p><u>Benefit payment for Aid benefits:</u> for holders of academic qualifications – BD 130 per month;</p>
7	Waiting Period	7 days for both types of benefit
8	Continuation of Benefits	<p>If an unemployed worker refuses suitable employment twice, he/she is suspended from benefits;</p> <p>Unemployed worker is required to report to office at least every two weeks and whenever requested by office;</p> <p>Law states he/she must look for work in earnest for a job and have a desire to work in order to continue to receive benefits</p>
9	Employment Initiatives	<p>Labour Fund plays a crucial role in training and employability; use funds to promote high level of quality training to high commitment job seekers;</p> <p>Bahrain Training Institute (BTI) is a well recognized vocational training centre that was established by the Ministry of Labour in 1992; primary goal is to contribute to skills development of the national workforce relating to the current and future needs of the labour market;</p> <p>Employment Service Bureau is responsible for the registration of unemployed workers and provide employment assistance to those in need;</p>
10	Advantages	<p>There is a large surplus in the UI fund which can be used to extend benefits to lower income earners, initiate new types of benefits and increase existing amounts and duration of benefits.</p> <p>The Aid benefits for first time job seekers is a unique way of utilizing the UI fund to promote active measures and assist job seekers in their efforts to secure permanent work;</p> <p>There is a strong linkage with employment and both are co-located in offices and have electronic means to contact each other relating to unemployed workers.</p>
11	Disadvantages	They have 6 main offices throughout the country (1 for

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UNEMPLOYMENT INSURANCE SCHEME

		<p>compensation benefits and 5 for Aid benefits) as well as satellite offices (but not allowed to accept UI claims for benefit) where their main responsibilities deal with employment issues such as job seeking and training – unemployed workers should be able to file UI claims at satellite offices;</p> <p>Decisions are made outside the UI department under MoL – the Appeals and Arbitration Department is responsible to finalize claims – some staff members are lawyers (due to the fact many unemployed workers go to arbitration instead of relying on the UI scheme;</p> <p>Ex-patriates are not allowed to collect UI benefits except for the month after termination where they are allowed to look for work;</p> <p>Women face additional barriers such as lack of adequate training in business and their families often do not allow them to work with men and they have high job expectations;</p> <p>As the employer premiums are paid by the Labour Fund, there is the perception that there is no social obligation for employers towards the UI scheme.</p>
	Exchange Rate	1 U.S. Dollar = .378 dinars (July 2011)
	Unemployment Rate	3.6% (February 2011) ²⁹

Appendix “G-3”

²⁹ Bloomberg: <http://www.bloomberg.com/news/2011-02-21/bahrain-unemployment-rate-is-stable-at-3-6-albilad-reports.html>

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Canada		
		Handout #1C
1	Historical Development	<p>Started in 1940 as a federal system; a limited plan with 42% of workers covered; benefits from 6 to 51 weeks;</p> <p>Major expansion in 1972; higher benefits linked to regional unemployment rates; introduction of sickness and maternity benefits;</p> <p>Other changes occurred in 1996; changed name to Employment Insurance; government stopped contributing; insurability based on hours and first dollar coverage;</p> <p>2006: EI became part of Service Canada; created to improve the delivery of government services to Canadians by making access to them faster, easier and more convenient.</p>
2	Main Features	<p>EI provides temporary financial assistance to unemployed Canadians who have lost their job through no fault of their own, while they look for work or upgrade their skills;</p> <p>Types of benefits: regular, maternity, sickness, parental and compassionate care³⁰.</p> <p>Service Canada responsible for processing claims and payments of benefits;</p> <p>Delivery system is fully computerized with all staff having access to computers;</p> <p>Claimants can file their EI claim and Claimant's Reports via the internet; can also enquire as to status of claim electronically;</p> <p>Have a effective Integrity program which protects the EI Fund from misuse and abuse; initiate preventive measures such as highlighting penalties for misuse and fraud on Service Canada websites and pamphlets; also initiate investigations of those suspected of fraud and conduct ongoing entitlement investigations of those receiving lengthy UI benefits; utilize a number of computerized reports to identify unreported earnings or leaving the country while collecting EI benefits.</p>

³⁰ Much of the information taken from Service Canada's website:
<http://www.servicecanada.gc.ca/eng/sc/ei/index.shtml>

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3	Coverage	<p>Universal and mandatory coverage;</p> <p>All employees (85% of workers covered); self-employed covered but only for special benefits (15%); public servants covered but not elected officials but includes armed forces.</p> <p>Applies whether or not premiums actually remitted.</p>
4	Premium Collection	<p>Collection the responsibility of Canada Revenue Agency³¹ (CRA – tax authorities); but they will transfer premiums to special account consolidated with government accounts;</p> <p>Employees pay 1.73% of wages; employers pay 1.4 times the amount of employees;</p> <p>Employees pay \$1.73 for every \$100 they earn up to a maximum of \$747.36 in 2010 (maximum insured earnings is \$43,200.)</p>
5	Qualifying Conditions	<p>Separation of employment must be involuntary – if quit or fired, could be disqualified from receiving benefits;</p> <p>Need an interruption of earnings – 7 consecutive days of no work and no pay; Employer will issue a record of employment which includes number of insured hours by pay period and reason for separation;</p> <p>Require 420 to 700 insured hours in 52 week period immediately preceding separation; in some cases, unemployed workers will require 910 insured hours to qualify (e.g. first time worked).</p> <p>Must be ready, willing and able to work every working day and conduct an active job search.</p>
6	Duration and Benefit Rate	<p>Could receive 14 to 45 weeks of benefits (could be longer if other benefits are also payable);</p> <p>Basic rate for calculating EI benefits is 55% of average weekly insurable earnings; as of January 1, 2011, the maximum insurable earnings is \$44,200 which provides a maximum benefit rate of \$468 per week.</p>
7	Waiting Period	<p>Virtually all claimants need to serve a deductible two week waiting period plus any duration of severance payments.</p>

³¹ Canada Revenue Agency is responsible for the collection of EI premiums: <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/312/menu-eng.html?=-slnk>

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8	Continuation of Benefits	<p>Claimants submit reports every two weeks, mostly electronically, to prove ongoing entitlement to benefits;</p> <p>Some claimants are asked to provide active job search statements;</p> <p>Claimants are allowed to work part time while collecting EI benefits; currently, an unemployed worker can receive \$75 or 40% of their weekly benefits without this amount being deducted from benefit.</p>
9	Employment Initiatives	<p>Employment Benefits and Support Measures³² (15% of EI fund);</p> <p>Employment Benefits (eligible claimants only): training, self-employment assistance; wage subsidies;</p> <p>Support Measures (open to anyone): Employment Assistance Services such as action planning, job search skills, job finding clubs and labour market information.</p>
10	Advantages	<p>Have effective delivery system by promoting the use of electronic services such as Appli-Web (claimants can apply via the internet);</p> <p>Division of responsibilities: tax authorities have responsibility for collection and determination of insured earnings only; Service Canada responsible for processing claims and paying benefits;</p> <p>Employers can electronically submit Records of Employment of individuals who have been separated from their job;</p> <p>Benefit Control program assists in protecting the integrity of EI fund by instituting prevention controls as well as initiating after the fact investigations</p> <p>Implemented an effective quality control program which is transparent and provides assurances to the government and the public that EI benefits are being paid correctly and on time.</p>
11	Disadvantages	<p>Need to avoid perception that the EI fund creates dependencies of seasonal workers and employers who are frequent users of the system.</p> <p>Some feel that it is unfair to have regional rates of unemployment insurance and support the use of one rate of unemployment nationally.</p>

³² Employment Benefits and National Employment Service:
http://www.servicecanada.gc.ca/eng/ei/legislation/ei_act_part2.shtml

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	Exchange Rate	.95% (July 2011)
	Unemployment Rate	7.4% (June 2011)

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Appendix "G-4"

Denmark		
		Handout #1D
1	Historical Development	<p>Since 1907, Denmark has been paying unemployment insurance via voluntary schemes; Ghent system implemented which is an arrangement whereby the main responsibility for unemployment insurance is held by trade-labour unions rather than a government agency; although government subsidies are used to support this scheme;</p> <p>1990: Danish Prime Minister, Poul Nyrop Rasmussen coined the term "Flexicurity" which refers to the combination of labour market flexibility in a dynamic economy and security for workers³³;</p> <p>1997: the maximum duration of UI benefits was reduced from 7 to 5 years.</p>
2	Main Features	<p>UI is a voluntary scheme administered by unemployment insurance funds. The Danish system thus differentiates between the situation for the unemployed insured persons and the unemployed uninsured persons (who could receive benefits municipal social benefits);</p> <p>Workers must belong to an individual plan for at least 52 weeks;</p>

³³ Ministry of Employment – Denmark:
<http://uk.bm.dk/Themes/The%20Danish%20Labour%20Market/Unemployment%20insurance%20in%20Denmark.aspx>

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		Workers not covered by UI could receive social assistance (means test) and could also receive special housing assistance;
3	Coverage	<p>Voluntary for employees, self-employed and graduates; employees of public service are covered including elected officials;</p> <p>83% of the population were covered by an unemployment insurance plan in 2005;</p> <p>Any time spent in an EU country can be used to determine eligibility to benefits in Denmark³⁴</p>
4	Premium Collection	Workers pay a membership fee to various plans supported generally by unions; individual UI funds collect fees, process claims and pay benefits.
5	Qualifying Conditions	<p>Need to belong to a unemployment insurance plan sponsored by unions; workers are not required to belong to the union but can purchase insurance in any event;</p> <p>Must belong to the unemployment insurance plan for minimum of one year;</p> <p>Need to have accumulated 52 weeks of contributions in the past 3 years (UI periods in other countries belonging to EU can be used but there are special rules in this case);</p> <p>Once a person has received his/her maximum benefits, he/she must work a minimum of 26 weeks to qualify for a new benefit period;</p> <p>There are penalties for those who voluntarily leave their job or are fired because of misconduct (5 weeks);</p> <p>Must register at public job centre.</p>
6	Duration and Benefit Rate	<p>The maximum benefit period is 5 years (if worker has a dependent, this can be extended);</p> <p>Workers can collect 2 years of benefit in a three year period; however, benefits are stopped once a worker reaches the age of 65;</p> <p>UI benefits are provided up to 5 days per week but the maximum amount is DKK 3,760 (\$714 US) per week;</p>

³⁴ Just Landed – Denmark: <http://www.justlanded.de/english/Denmark/Denmark-Guide/Jobs/Danish-social-security>

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		<p>The benefit amount is 90% of previous earnings after deducting 8 percent social security contributions from those earnings;</p> <p>Young people: The UI benefit is Dkr 2,155 (\$410 US) per week for “new comers” who have joined the insurance immediately after finishing their education³⁵;</p> <p>Older people: Over aged 60 with 20 years of contributions, can join early retirement scheme and receive benefits after two and a half years; over aged 63 will receive maximum UI benefits until age 67 (no job search requirements).</p>
7	Waiting Period	3 weeks if self-employed
8	Continuation of Benefits	No information available
9	Employment Initiatives	<p>There is no unemployment assistance but there is social assistance;</p> <p>Flexicurity (flexibility and security) is a three sided mix of 1) flexibility in the labour market combined with 2) social security and 3) an active labour market policy with rights and obligations for the unemployed;</p> <p>Active labour market policy includes assisting workers to find a job, assist employers to find and keep employees, help persons receiving social assistance and helps persons with special needs;</p>
10	Advantages	<p>The individual UI funds control the collection of funds, processing UI claims for benefit and UI payments together which is an effective and centralized arrangement;</p> <p>Forbes Magazine conducted a study of unemployment insurance schemes in 30 top economies and Denmark placed first considering UI pays 90% of wages³⁶;</p> <p>Consideration given for special circumstances for youth and older persons;</p>
11	Disadvantages	<p>Although the insurance plans are voluntary, the government continues to subsidize the plans;</p> <p>Perception generous UI benefits undermine the desire to work.</p>

³⁵ From Organization for Economic Co-operation and Development:
<http://www.oecd.org/dataoecd/37/25/2504952.pdf>

³⁶ Forbes Magazine website: http://www.forbes.com/2008/06/27/unemployment-benefits-world-forbeslife-cx_mw_0627worldunemployment.html

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	Exchange Rate	1 U.S. Dollar = 5.27 kroner (July 2011)
	Unemployment Rate	3.80% (April 2011)

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Appendix “G-5”

France

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UNEMPLOYMENT INSURANCE SCHEME

Handout #1E		
1	Historical Development	<p>Worker’s Unions had developed their own insurance scheme in 1905;</p> <p>The French unemployment insurance scheme was officially created in December, 1958;</p> <p>Unemployment in the 70s and 80s remain high at 9-10% after oil crisis while other developed countries return to levels more or less close to full employment;</p> <p>1992-1996: New restrictions and decrease in benefits.</p>
2	Main Features	<p>In January, 2009, the public service was reorganized around two bodies: the bipartite body UNEDIC (National Professional Union for Employment in Industry and Trade), which will continue to perform its task of administering the UI scheme and organizing the benefits payment system, and the new service for jobseekers (“Pole emploi”) formed by the amalgamation of the ASSEDIC³⁷ and the ANPE. The “Pole emploi” brings all employment services under a single body³⁸.</p>
3	Coverage	<p>Salaried workers are covered under the UI scheme; public service is covered but employers must self-insure or opt-in;</p> <p>Those workers registered as unemployed elsewhere in the European Union can also obtain unemployment benefits for at least 3 months on the basis that they are relocating to France to find work.</p>
4	Premium Collection	<p>An autonomous agency (URSSAF) is responsible for the collection of SI premiums including UI; these contributions are calculated on the basis of the wages paid to employees of less than 65 years, with a maximum of 4 times the ceiling of the social security;</p> <p>Premium rates are set at 4% for employers and 2.4% for employees.</p>
5	Qualifying Conditions	<p>Need to satisfy the following conditions:</p> <p>Have lost their job to termination by the employer without misconduct, the end of a fixed-term employment contract, termination by mutual agreement or resignation for a valid</p>

³⁷ Definition of Assédic is the partial name for “Association pour l’emploi dans l’industrie et commerce”

³⁸ Cleiss – au service de la protection sociale à l’international:

http://www.cleiss.fr/docs/regimes/regime_france/an_5.html

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		<p>reason;</p> <p>Be physically employable;</p> <p>Be registered as a jobseeker with the “Pole emploi”;</p> <p>Be actively seeking employment;</p> <p>To be eligible for unemployment benefit, an unemployed worker must have worked a minimum of four months over the previous 28 (36 months for those 50+ years of age);</p> <p>Be below the statutory retirement age (or the qualifying age for a full pension);</p>
6	Duration and Benefit Rate	<p>The duration of benefit payments depends on the period during which the jobseeker has been registered with the scheme and their age; benefits are paid for a minimum period of 122 days and a maximum period of 730 days for private-sector employees aged under 50, and 1,095 days for employees aged over 50;</p> <p>Benefit rate is set at 75% for low income earners which drops to 57% for high income earners;</p> <p>Benefit is paid for every day of the week.</p>
7	Waiting Period	<p>1 week plus the duration of severance pay (on top of a “paid holidays-waiting period” a maximum 75-day waiting period applies in the case of non-statutory separation pay, as well as a seven-day deferred compensation payment).</p>
8	Continuation of Benefits	<p>Need to accept reasonable job offers (sanctions apply if they refuse more than two such offers);</p>
9	Employment Initiatives	<p>“Pole Emploi” (which means employment centre) is a one-stop service for all employment activities including registration; it operates the employment centres, assists job seekers to find placement and ensures benefits are paid. It also works for the employers, assisting companies in their recruitment (needs analysis, selection of candidates); “Pole Emploi” has a website service for job seekers and employers to review job vacancies or CVs of available workers.</p>
10	Advantages	<p>A separate labour market agency is responsible for the processing of claims, decision making and payment of UI benefit; the autonomous agency is only responsible for the collection of SI premiums including UI;</p> <p>Can work anywhere in the EU and utilize this employment to</p>

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		<p>apply for UI benefits in another EU country;</p> <p>Centralized employment and insurance systems including co-location of offices and sharing resources; stronger linkages with those responsible for active labour market activities with those responsible for temporary financial aid via UI benefits.</p>
11	Disadvantages	<p>France has the highest rate of unemployment in the countries studied in this project;</p> <p>High premium rates for both employers and employees alike.</p>
	Exchange Rate	1 U.S. Dollar = 1.42 euros (July 2011)
	Unemployment Rate	<p>1 euro = 6.55957 French Francs</p> <p>9.7% (March 2011)</p>

Appendix "G-6"

South Korea		
Handout #1F		
1	Historical Development	<p>Oil crisis of the 70's forced Korea to look at the development of an EI system;</p> <p>Introduced in 1995³⁹ after years of debate since the 1960's; there were concerns about the financial burden to businesses;</p>

³⁹ ADB Institute speaking on the history of UI in Korea:

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		<p>Objective is to prevent joblessness, promote employment and vocational competency and provide financial support and employment assistance to the unemployed;</p> <p>Used the term employment insurance as it is a source of comprehensive labour market policies and social security system.</p> <p>The system was expanded in 1998 because of the financial Asian crisis.</p>
2	Main Features	<p>Employment Insurance projects are divided into unemployment benefits, employment security and vocational training projects – programs are very comprehensive and benefits employers and employees alike;</p> <p>Unemployment Benefits⁴⁰ are divided into: 1) job seeking allowance (paid benefits to look for work) and 2) employment promotion benefits (allowances paid in addition to job seeking allowance for finding work, vocational training and moving expenses);</p> <p>Ministry of Employment and Labour are responsible for the general supervision of Employment Security Offices who are responsible for processing UI claims and pay UI benefits.</p>
3	Coverage	<p>Mandatory for all workers to participate in UI system except for those working for companies engaged in farming, forestry, fishery or housekeeping; workers working less than 60 hours a month (less than 15 hours a week) as well as those with family ties to the employer are not eligible for UI;</p> <p>Public Service employees are not covered - foreign workers are covered (depending on worker's visa status);</p> <p>Coverage has been expanded and includes all businesses with one or more employees (in 1995, only covered establishments with 30 or more employees and in 1998, reduced to ten or more);</p> <p>Coverage rate in 2008 was 56.8% for wage workers (due to large number of irregular workers) and 80% for regular workers.</p>

<http://www.adbi.org/working-paper/2010/05/10/3784.korea.unemployment.insurance.1998.2008.gfc/employment.insurance.system.in.the.republic.of.korea/>

⁴⁰ Section 6 “Structure of the Employment Insurance System”: Unemployment Related Benefit Systems in South Korea by Chau Pak Kwan: <http://www.legco.gov.hk/yr99-00/english/sec/library/e21.pdf>

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4	Premium Collection	<p>Korea Worker's Compensation and Welfare Service collects UI premiums;</p> <p>Two categories of benefits:</p> <p><u>For Unemployment Benefits:</u> both employers and employees pay 0.45% of workers earnings;</p> <p><u>For Employment Security and Vocational Development:</u> employer only pays – ranges from 0.25% (less than 150 employees) to .85% (more than 1,000 employees)</p>
5	Qualifying Conditions	<p>Must work a minimum of 60 hours per month – 180 days in last 18 months⁴¹;</p> <p>Unemployed workers are required to register for job placement;</p> <p>Must be available for work;</p> <p>Reduction or suspension of benefits imposed if job offers are rejected or leave their job voluntarily;</p> <p>Could lose entitlement to coverage if an unemployed worker is fired due to misconduct or as a result of a labour dispute;</p>
6	Duration and Benefit Rate	<p>The amount of UI benefit paid is 50% of the standard daily wage, which is calculated using the average wage;</p> <p>The duration of benefits is dependent upon the age of the worker and the length of the employment with the former employer; the minimum benefit for all workers is 90 days of payments, while the maximum benefit is 180 days for workers under the age of 30, 210 days for workers from 31 to 50 years and 240 days for people over 50 or are disabled;</p>
7	Waiting Period	7 days
8	Continuation of Benefits	If a worker manages to find a job quickly, the worker receives 50% of the remaining benefits as a bonus for being re-employed quickly (for example, if a worker is entitled to 6 months of benefits and finds a job in the second month, there would be 4 months remaining and the worker would receive 50% of that amount – a lump sum of 2 months);
9	Employment Initiatives	South Korea is very keen on promoting active labour market policies as evidenced by the inclusion of UI benefits with

⁴¹ Ministry of Employment and Labour: Chapter 4 – Unemployment Benefits; Section 2 – Job Seeking Benefits
http://www.moel.go.kr/english/topic/laborlaw_view.jsp?idx=232&tab=Law

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		effective employment policies.
10	Advantages	Reasonable premium rates and amount and duration of benefits provides financial stability of EI fund; Flexibility in the duration of benefits for older workers; Unemployed workers can receive job seeking services and other proactive employment measures
11	Disadvantages	
	Exchange Rate	1 U.S. Dollar = 1,057 wons (July 2011)
	Unemployment Rate	3.2% (May 2011)

[Appendix "G-7"](#)

Thailand		
Handout #1G		
1	Historical Development	In 1991, a social security system was implemented (had provisions for unemployment insurance as well); only covered formally registered business enterprises with 20 or more employees; As of 1993, the requirement for 20 employees for business enterprises was reduced to 10 employees; 2004: a formal unemployment insurance scheme was introduced ⁴² 2010: Unemployment rate: 1.2%
2	Main Features	To streamline implementation procedures of unemployment benefit, it has been argued that the responsibilities of unemployment insurance benefit, employment services and skills development for the insured unemployed should belong to

⁴² Pacific Economic Cooperation Council International Workshop on Social Resilience – 4-5 March 2010 presented by Professor Yasuhito Asami – Professor Graduate School of Social Sciences- Hitotsubashi University

http://www2.jiia.or.jp/pecc/2010/SRpdf/100303e-SR_workshop5.pdf

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		<p>one agency;</p> <p>The duration and amount of benefits are kept shorter and lower than those in most developed countries; but still alleviated plights of unemployed workers in crisis of 2009;</p>
3	Coverage	<p>2002: all regular workers regardless of size of the workplace were covered;</p> <p>Participation is compulsory for all private sector employees in the social security system with a few exceptions;</p> <p>Not covered by UI: farmers, employees of foreign governments or international organizations as well as temporary and seasonal workers, companies with superior employee benefit schemes already established before UI granted exemption, civil servants and employees of state enterprises under separate benefit scheme;</p>
4	Premium Collection	<p>Social Security Office collects premiums, processes UI claims and makes decisions;</p> <p>Premium rates: Employers and Employees: .5%</p> <p>Government: .25%</p> <p>Maximum monthly earnings set at 15,000 baht (maximum monthly contributions from workers can go no higher than 75 baht</p>
5	Qualifying Conditions	<p>6 months of contribution in a 15 month period prior to termination of employment⁴³;</p> <p>Registered with the Government Employment Service Office;</p>
6	Duration and Benefit Rate	<p>Unemployed worker who qualify for UI receive 50% of insured earnings up to 180 days within one year; it is based on the worker's highest paid three months in the 9 months prior to termination of employment;</p> <p>Because of the economic crisis in 2008, the government initiated the extension of UI compensation from 180 days (6 months) to 240 days (8 months) for worker s who were unemployed in</p>

⁴³ Unemployment Insurance in Thailand: Rationales for the Early Introduction in a Second-Tier Newly Industrializing Economy by Yasuhito Asami

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		2009; Those who quit their job, can receive 30% of their salary for three months in any one year;
7	Waiting Period	7 days
8	Continuation of Benefits	Unemployed workers are required to report at least once a month to the Employment Office;
9	Employment Initiatives	The Department of Employment receives UI claims and provides employment services; Small fraction of workers attend skills development program; criticism of workers that programs do not match their skills or market demand; <u>Department of Employment statistics (June 2004 to Dec 2005):</u> # of UI recipients finding a job: 31,867 # of UI recipients finding a job via skill program: 4,246 (13.3%); # of UI recipients finding a job on their own: 27,621 (86.7%)
10	Advantages	Financial stability of UI fund; because of small benefits (50%) with limited duration (6 months), the fund has been in surplus every year; UI in Thailand similar to South Korea and Japan (sent Japanese specialists to provide technical assistance); Feasibility studies from the International Labour Organization, World Bank and Japanese International Cooperation Agency assisted the government to persuade business and leery government departments to accept UI implementation
11	Disadvantages	Some employers force their workers to voluntarily quit in order to avoid payment of severance benefits; Limited effectiveness of active employment measures as demonstrated by minimal number of unemployed persons in skills development programs;
	Exchange Rate	1 U.S. Dollar = 30.08 bahts (July 2011)
	Unemployment Rate	0.50% (May 2011)

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[Appendix “H”](#)

Comparison of UI in Vietnam and Other Countries

Issue:	ILO C.168	Vietnam	Argentina	Bahrain	Canada	Denmark	France	South Korea	Thailand
Unempl- oyment Rate		2.6%	7.4%	3.6%	7.4%	3.8%	9.7%	3.2%	.50%
Implemen- ted UI		2008	1991	2006	1940	1907	1958	1995	2004
Coverage	Art. 11: Prescribed classes of employees. (When specifically justified) industrial workplaces employing 20 persons or more.	Indefinite employees of private sector employers with 10 or more employees	Salaried workers	Salaried workers and 1 st time job seekers	All employees (85% of workforce)	Voluntary for employees, self-employed and graduates (83% covered in 2005)	Salaried workers	All workers with a few exceptions (minimum of 60 hours per month)	All regular workers with a few exceptions

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Issue:	ILO C.168	Vietnam	Argentina	Bahrain	Canada	Denmark	France	South Korea	Thailand
Public Service Covered?	Including public employees (public employees whose employment up to retiring age is guarantee by national laws may be excluded)	Yes – contracted civil servants No – government officials and civil servants with indefinite contracts	No	Yes but not armed forces	Yes incl. armed forces but not elected officials	Yes incl. elected officials	Yes, public employers must self-insure or opt-in	No	No
Foreign workers covered?	Art. 6: yes, residency criteria	No		Yes	Yes	Yes	Yes	Yes	

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Issue:	ILO C.168	Vietnam	Argentina	Bahrain	Canada	Denmark	France	South Korea	Thailand
Work needed to qualify	Art. 17: Upon completion of a qualifying period (not specified). Should endeavour to adapt the qualifying period to circumstances of seasonal workers.	12 months in last 24 months	12 months in last 36 months	12 months or 1 st time jobseeker	420-700 hours (12 to 20 weeks)	12 months in last 36 months	4 in last 28 months if younger than 50, or 4 in last 36 months if older	180 days in last 18 months	6 months in last 15 months
UI Benefit Rate	Art. 15: not less than 50% of previous earning (contributory schemes)	60%	50% for 1 st 4 months, lower afterwards	60%/flat amount for 1 st -time jobseekers	55%	90%	75% at low income, grading down to 57% at high income	50%	50%
Waiting period before paid	Art. 18: Shall not exceed 7 days	Found no job within 15 days		7 days	2 weeks plus duration of severance pay	3 weeks if self-employed	1 week plus duration of severance pay	7 days	7 days

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Issue:	ILO C.168	Vietnam	Argentina	Bahrain	Canada	Denmark	France	South Korea	Thailand
Duration	Art. 19: limited to 26 weeks in each spell of unemployment, or to 39 weeks over any period of 24 months.	3 to 12 months	4 to 12 months (older workers +6 months)	6 months	14 to 45 weeks	24 months	4 to 24 months	3 to 8 months	6 months (8 months during 2009)
Reduction or refusal of benefits for voluntary quitting or fired?	Art. 20: Benefit refused or reduced.	No Reduction	Yes – Only in involuntary situations can receive benefits	Yes - Only in involuntary situations can receive benefits	Yes - Quits and fireds are disqualified from benefits	Yes - 5 week disqualification	Yes - Only in involuntary situations can receive benefits	Yes – Only in involuntary situations can receive benefits	Yes – Voluntary quitters only get 30% benefit rate for 3 months

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Issue:	ILO C.168	Vietnam	Argentina	Bahrain	Canada	Denmark	France	South Korea	Thailand
Administrative	Art. 27: Representatives of the protected persons and employers shall be associated in the administration in an advisory capacity.	VSS responsible for premium collection and UI payment BoE responsible for processing claims DOLISA responsible for decision making	Tax authorities responsible for premium collection SI body responsible for processing claims, decision making and UI payment	SI body responsible for premium collection and UI payment MoL responsible for processing claims and decision making	Tax authorities responsible for premium collection Service Canada responsible for processing claims, decision making and UI payment	Individual UI funds collect fees, process claims and pay benefits Individuals must register at public job center	Autonomous agency responsible for SI premium collections, incl. UI Separate Labour Market agency responsible for processing claims, decision making and UI payment	Ministry of Employment and Labor: general supervision. Employment Security Offices: pay unemployment benefits. Korea Worker's Compensation and Welfare Service: collects contributions	Social Security Office collects premiums, processes UI claims and makes decisions Dept. of Employment receives UI claims and provides employment services

Vision of Streamlined UI Processes in Vietnam

August 2011

The following presents a somewhat idealized view of how streamlined UI processes might look at the Bureau of Employment, at some future date and using automated systems. It will also demonstrate the impacts of the streamlined UI processes on the unemployed worker when they apply for UI allowances and other benefits, the Employment Service Centre and the Director of ESC. Option #1 envisions electronic access to VSS premium records by ESC staff, improved procedures for decision making by DOLISA director and continuing payment by VSS. The future date could be anywhere between the next 3 to 5 years but we have chosen a specific date for simplicity – **Wednesday, August 19, 2015**.

OPTION #1

1. Impacts on Workers – Registration/Application:

Mr. Nguyen Van Khang is sipping his coffee at his home in Hanoi. He had been laid off from his job on Monday. He received his notice of termination and a copy of his contract and has been told by his employer that he must register and apply for UI allowances at the same time and the employer also provided the web site for applying for UI benefits.

He goes to his computer and locates the website for the Ministry of Labour and finds the link to the Bureau of Employment. He completes his registration for employment as well as his application for UI allowances. He is advised he must report to the Employment Service Centre nearest to him to deposit the termination notice and the copy of his contract. The ESC confirms they have the electronic version of his registration and application. He also has the opportunity to check for the latest job listings at the Centre.

Mrs. Pham Thi Be worked in Hanoi up to Friday, August 7th and had decided to quit her job as she wishes to have some time off to be with her family. She has been given a termination notice and a copy of her contract and moves back to Hai Phong on the Monday, August 17th. Today, she reports to the Employment Service Centre in Hai Phong and completes her registration for employment and also applies for UI allowances. She submits her notice of termination and the copy of her contract and meets with an officer of ESC and explains the reason why she terminated her employment voluntarily in Hanoi.

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Mr. Tran Thanh Tung worked in Ho Chi Minh City and his employment was terminated because the employer felt he wasn't suitable for the position. He is given a notice of termination and a copy of his contract but the employer has indicated no premiums were paid on his behalf and he isn't entitled to receive unemployment insurance. He decides to go to the Employment Service Centre where they accept his UI application and, when applying for UI allowances, he was told that the ESC would look into the situation with the employer.

Mrs. Hoang Van Hoa had been working in Da Nang and quit her position due to dangerous working conditions. She receives her termination notice and a copy of her contract. The termination notice indicates she quit her position. She reports to the ESC to register for employment and completes the application for UI allowances. She also provides a statement relating to her voluntarily quitting her position. Apparently, she had been working on a machine where two people were seriously injured in the past month. She approached her employer who indicated he didn't have time or money to make any adjustments to make the machine safer to operate.

2. Impacts on Employment Service Centres:

The claim for **Mr. Nguyen Van Khang** is passed to an assessment officer who accesses the VSS electronic records to ensure Khang has sufficient insured earnings. He/she then assesses and calculates the claim. Because this is an involuntary lay off and he meets all the conditions of entitlement, the assessment officer recommends accepting the claim for payment and Mr. Khang's claim is added to the list for payment approval (the list is sent electronically once a day at 2pm to the DOLISA director – one decision is made and allows all payments on that day's list to be accepted for payment – this avoids having to physically send the claim file between offices). Khang has provided the information in order for the payment to be directly deposited into the worker's bank account-.

The claim for **Mrs. Pham Thi Be** is passed to an assessment officer who accesses the VSS electronic records to ensure Be has sufficient insured earnings. He/she then assesses and calculates the claim. Because this is a voluntary separation from employment, the file is passed to an Insurance Officer for a final decision. The Insurance Officer position is new within the ESC and they have responsibility to allow or disallow UI claims for benefit that are of a contentious nature such as quits. Because of the complexity of making decisions on contentious claims, reference material, "Digest of Benefit Principles" is provided by the Bureau of Employment in Hanoi. The Digest will provide guidance on making correct decisions across the country. This, in turn, will provide uniform decision making by all Insurance Officers nationally. Because she has voluntarily quit her position without just cause, she will be penalized from receiving full UI benefits and will receive only 30% of her average monthly earnings over the last 6 months (instead of 60%).

The claim for **Mr. Tran Thanh** is passed to an assessment officer who accesses the VSS electronic records to confirm that premiums weren't paid by the employer. The assessment officer notifies the

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Investigation and Control Branch of BoE relating to non-payment of premiums by the employer. The claim is held in pending until the investigation is completed. An Investigation and Control Officer visits the employer's site and is able to obtain a statement from the trustee confirming that the employer is now bankrupt and that Thanh did indeed work for the company for the past two years. The Investigation and Control Officer then recommends that the claim be allowed under new provisions of the UI Act which deems premiums paid in cases of delinquent employers who fail to remit payments. The Officer also sends a memo to VSS highlighting the negligent activities of the employer in order to follow up for premium collection if possible. The Investigation and Control report is received by the Assessment Officer who then conducts the remaining assessment and calculation of the claim. Because it is an involuntary separation and Thanh meets all the conditions for entitlement, the claim is finalized and forwards the necessary information to the DOLISA director.

The claim for **Mrs. Hoang Van Hoa** is passed to an Assessment Officer who accesses the VSS electronic records to ensure Hoa has sufficient insurable earnings. The claim is assessed by an Assessment Officer who notices that Hoa voluntarily quit her position. The claim is then passed to an Insurance Officer who contacts the employer. The employer confirms there had been two accidents at this particular machine and provides no other information. As a result, the Insurance Officer decides that the unemployed worker did quit her position but did so with valid reasons and recommends allowing the claim for payment to the DOLISA director.

3. Impacts on Workers – Payment:

It is expected that BoE will encourage most unemployed workers to provide bank details in order to utilize direct deposit for payment of UI benefit. For those who do not participate in direct deposit, it is recommended that unemployed workers receive their payment at the time they are required to report to the ESC on a continuing basis. This will eliminate the requirement to report twice (once with VSS and once for the continuing eligibility interview). It is recommended that a representative of VSS should be located permanently at the ESC to provide payments and answer any questions relating to pay when the unemployed worker reports to the Esc. This will also allow ESC staff to question the job search activities of the unemployed worker and ensure payment is received quickly and accurately.

4. Impacts on Management:

Mr. Kuong is the ESC Director in Hai Phong. BoE created the position of the Insurance Officer who are delegated the responsibility to recommend accepting or denying UI payment for those who quit their position without just cause or were fired because of their own misconduct. Mr. Kuong now spends much of his time involved in the day-to-day activities of managing the UI workload to ensure decisions are correctly made and payments are accurate. As an ESC director, he is also involved in the more complex situations which require advice and guidance to the insurance officers.

He also conducts quality monitoring of claims for benefit prior to final decision. He selects claims daily on a random basis for monitoring and identifying potential errors affecting payment. If any errors are found during the monitoring, he completes a brief report and returns the claim to the employee in question. He is able to discuss the error with the employee and identify if there's a training issue in

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this instance. Mr. Kuong realizes the benefits of an effective quality assurance program as it provides the Bureau of Employment with the necessary statistics to demonstrate a commitment to excellent quality in UI claims processing . It also assures the public and the government that the UI program is well run and provided excellent service.

OPTION #2

5. Impacts on Workers – Registration/Application:

Mr. Nguyen Van Khang is sipping his coffee at his home in Hanoi. He had been laid off from his job on Monday. He received a record of employment from his employer which provides the following information: personal information such as name, his first and last day of work, his normal weekly/monthly wages and the last two amounts of earnings up to the last employable day and the reason for separation. He has been told by his employer that he must register and apply for UI allowances at the same time and the employer also provided the web site for applying for UI benefits.

He goes to his computer and locates the website for the Ministry of Labour and finds the link to the Bureau of Employment. He completes his registration for employment as well as his application for UI allowances. He is advised he must report to the Employment Service Centre nearest to him to deposit the record of employment. He reports to the Centre on Friday and is told they have the electronic version of his registration and application. He also has the opportunity to check for the latest job listings at the Centre.

Mrs. Pham Thi Be worked in Hanoi up to Friday, August 7th and had decided to quit her job as she wishes to have some time off to be with her family. She has been given a record of employment from her employer and moves back to Hai Phong on the Monday, August 17th Today, she reports to the Employment Service Centre in Hai Phong and completes her registration for employment and also applies for UI allowances. She meets with an officer of ESC and explains the reason why she terminated her employment voluntarily in Hanoi.

Mr. Tran Thanh Tung worked in Ho Chi Minh City and his employment was terminated because the employer felt he wasn't suitable for the position. When he asked for a record of employment, the employer indicated that he hasn't made contributions for her for the past two years. He is unable to obtain his record of employment and, when applying for UI allowances, he was told that the ESC would look into the situation with the employer.

Mrs. Hoang Van Hoa had been working in Da Nang and quit her position due to dangerous working conditions. She receives her record of employment and it indicates she voluntarily quit her position. She reports to the ESC to register for employment and completes the application for UI allowances. She also provides a statement relating to her voluntarily quitting her position. Apparently, she had been working on a machine where two people were seriously injured in the past month. She approached her employer who indicated he didn't have time or money to make any adjustments to make the machine safer to operate.

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6. Impacts on Employment Service Centres:

The claim for **Mr. Nguyen Van Khang** is passed to an assessment officer who accesses the record of employment to ensure Khang has sufficient insured earnings and that he involuntarily lost his position. He/she then calculates the claim. Because this is an involuntary lay off and he meets all the conditions of entitlement, the assessment officer finalizes the claim and sends the necessary information to BoE payments section electronically. Khang has provided the information in order for the payment to be directly deposited into the worker's bank account (in the past, ESC was required to submit the information to VSS for processing of payment).

The claim for **Mrs. Pham Thi Be** is passed to an assessment officer who accesses the record of employment to ensure Be has sufficient insured earnings and that the unemployed worker has involuntarily lost his/her position. He/she then assesses and calculates the claim. Because this is a voluntary separation from employment, the file is passed to an Insurance Officer for a final decision. The Insurance Officer position is new within the ESC and they have responsibility to allow or disallow UI claims for benefit that are of a contentious nature such as quits. Because of the complexity of making decisions on contentious claims, reference material, "Digest of Benefit Principles" is provided by the Bureau of Employment in Hanoi. The Digest will provide guidance on making correct decisions across the country. This, in turn, will provide uniform decision making by all Insurance Officers nationally. Because she quit her position voluntarily and without just cause, she will be penalized from receiving full UI benefits and will only receive 30% of her average monthly earnings over the past 6 months (instead of 60%).

The claim for **Mr. Tran Thanh** is passed to an assessment officer who reads the statement by the unemployed worker that the employer refuses to give the him his record of employment.. The assessment officer notifies the Investigation and Control Branch of BoE relating to non-payment of premiums by the employer. The claim is held in pending until the investigation is completed. An Investigation and Control Officer visits the employer's site and is able to obtain a record of employment from the trustee confirming that the employer is now bankrupt and that Thanh did indeed work for the company for the past two years. The Investigation and Control Officer then recommends that the claim be allowed under new provisions of the UI Act which deems premiums paid in cases of delinquent employers who fail to remit payments. The Officer also sends a memo to VSS highlighting the negligent activities of the employer in order to follow up for premium collection if possible. The Investigation and Control report is received by the Assessment Officer who then conducts the remaining assessment and calculation of the claim. Because it is an involuntary separation and Thanh meets all the conditions for entitlement, the claim is finalized and forwards the necessary information to BoE payments section.

The claim for **Mrs. Hoang Van Hoa** is passed to an Assessment Officer who accesses the record of employment to ensure Hoa has sufficient insurable earnings. The claim is assessed by an Assessment Officer who notices that Hoa voluntarily quit her position. The claim is then passed to an Insurance Officer who contacts the employer. The employer confirms there had been two accidents at this particular machine and provides no other information. As a result, the Insurance Officer decides that the unemployed worker did quit her position but did so with valid reasons and allows the claim for payment.

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7. Impacts on Workers – Payment:

It is expected that BoE will encourage most unemployed workers to provide bank details in order to utilize direct deposit for payment of UI benefit. For those who do not participate in direct deposit, it is recommended that unemployed workers receive their payment at the time they are required to report to the ESC on a continuing basis. This will eliminate the requirement to report twice (once with VSS and once for the continuing eligibility interview). This will also allow ESC staff to question the job search activities of the unemployed worker and ensure payment is received quickly and accurately.

8. Impacts on Management:

Mr. Kuong is the ESC Director in Hai Phong. He had been given the responsibility to make final decisions in relation to UI claims for benefit. But his workload increased dramatically when changes to the UI legislation were passed. One significant change was the imposition of reduced benefits for those who quit their job or were fired because of their own misconduct. Now, a substantial part of his workday consists of finalizing claims which provide him little time to actually manage the workload.

Since then, however, BoE created the position of the Insurance Officer who were delegated the responsibility to finalize UI claims for benefit. Mr. Kuong now spends his time involved in the day-to-day activities of managing the UI workload to ensure decisions are correctly made and payments are accurate. As an ESC director, he is also involved in the more complex situations which require advice and guidance.

He also conducts quality monitoring of claims for benefit prior to final decision. He selects claims daily on a random basis for monitoring and identifying potential errors affecting payment. If any errors are found during the monitoring, he completes a brief report and returns the claim to the employee in question. He is able to discuss the error with the employee and identify if there's a training issue in this instance. Mr. Kuong realizes the benefits of an effective quality assurance program as it provides the Bureau of Employment with the necessary statistics to demonstrate a commitment to excellent quality in UI claims processing. It also assures the public and the government that the UI program is well run and provided excellent service.

[Appendix “J”](#)

**Presentation on Proposed Implementation Plan
to Improve the Vietnam UI Program**

Thursday, August 18, 2011

Excerpt from a paper entitled “Unemployment in Thailand: Rationales for the Early Introduction in a Second Tier Newly Industrializing Economy”:

“(7) Once-and-for-All Chance

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A caveat must be mentioned at this point. If properly designed and properly managed, UI can maintain its financial sustainability and alleviate the plights of the unemployed even in newly industrializing economies. But that also means that UI might become financially unsustainable

and might not mitigate the sufferings of the unemployed much, if improperly designed and/or improperly managed. Risk of ending up with having improperly-designed and/or improperly-operated UI is not small in many of developing economies. Once improperly designed UI is introduced, or once the UI scheme is seriously plagued with corruption and inefficiency in the first several years of its operation, the public will lose their confidence in UI, and both employers and employees will start resorting to all means available to evade the payment of their contribution to UI. The morale of the staffs in charge of UI will also deteriorate, and the abuse of the UI scheme by unqualified claimants will also become rampant. In this sense, the introduction of UI is a once-and-for-all chance. If a proper UI scheme is successfully installed, it will do a lot of good things. But if not, it may do more harm than good. To make it worse, once it is installed, it is difficult to uninstall. However, it should also be added that, though the introduction of UI is a risky endeavour, it is more risky for small export-dependent second-tier NIEs to face the volatility of the global market without having UI.”

Written by Mr. Yasuhito Asami who is a Professor of Comparative Politics at Hitotsubashi University. He received an M.A. in Asian Studies from Tokyo University in 1987 and an M.A. in Economics from Thammasat University in 1988. His research focuses on political economy, democratization and social policies in South East Asia.

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Implementation Plan for Proposed Measures			
#	Issue	Details	Timetable
1	Eliminate need for minimum of 10 employees for UI coverage	<p>Reference: Decree No 127, Chapter One, Article 3</p> <p>It has been proposed by the working committee from the National Dialogue Workshop looking into amendments to Decree 127 to eliminate the requirement of 10 or more employees for coverage in the UI program;</p> <p>As discussed during the presentation on UI in other countries, both Korea and Thailand commenced their UI program with stipulations on coverage (employers required 10 to 30 employees) but have since provided universal coverage of all workers with some exceptions;</p> <p>While this requirement is mandatory for all social insurance benefits, UI is a unique program compared to pensions, sickness etc. and most countries provide much broader coverage for UI.</p>	Need approval by Prime Minister – already started consensus building (takes one year)
2	Non-payment of premiums for any reason by the employer would be deemed as insurable employment	<p>To be incorporated into Decree No 127 under insurability rules (Chapter One, Articles 7,8, and 10)</p> <p>Employees are currently being penalized for non-payment of premiums by negligent employers either intentionally or due to economic circumstances;</p> <p>UI claims should be allowed on the basis that the premiums are deemed to be paid provided there is sufficient proof the unemployed worker did indeed work for the employer in question and can produce proof of work (e.g. pay stubs, letters from employer, clock number etc);</p> <p>VSS would continue to be responsible to proceed investigating the circumstances of non-payment of premiums by the employer and take the necessary action to collect the outstanding</p>	Need approval by Prime Minister (takes

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		amounts of UI premiums.	one year)
3	Registration and UI application processes	<p>Working committee proposes to increase the time period for registering for employment from 7 working days to 90 calendar days in order to ensue SI Book submitted to ESC for processing of UI claim;</p> <p>need adequate law to allow for backdating UI claim in this instance;</p> <p>there is also the issue of availability, capability and actively looking for work during the period in question and would need to question the unemployed worker after-the-fact;</p> <p>Does not assist those who register and apply on time; therefore proposed to introduce new Record of Employment to be completed by employer.</p>	Requires Prime Minister approval – already started consensus building (takes one year)
Implementation Plan for Proposed Measures			
#	Issue	Details	Timetable
4	Introduction of Record of Employment to either compliment or replace SI Book	<p>In Canada, employers are responsible to register and remit payment to the Canada Revenue Agency (CRA);</p> <p>Their role is limited to collecting contributions which are immediately deposited into a single national UI fund managed by Service Canada;</p> <p>The most important document is the Record of Employment (ROE) which provides Service Canada with the necessary information to process UI claims for benefit;</p> <p>The employer is responsible for issuing the completed ROE within 7 days of termination; if the unemployed worker is having difficulty obtaining the ROE, Service Canada will take action to obtain it on behalf of the worker;</p> <p>It is proposed that Vietnam adopt a similar type of model as the ROE; it can be used to obtain</p>	

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		<p>vital information pertaining to insured earnings and reason for separation;</p> <p>There could be two alternatives: 1) a partial ROE which will list the last two months of payments prior to separation (the remainder of payments could be verified by electronic systems accessing VSS databases) or 2) a full and complete ROE replacing the SI Book;</p> <p>Any questions from employers relating to insured premiums would be directed to VSS as well as payment of contributions; VSS role would be limited to this function in relation to UI;</p> <p>A number of steps would be required before this model could be implemented:</p> <ol style="list-style-type: none"> 1) Change laws – Decree 127 and Circular 32; 2) Develop procedures for the issuance and completion of ROEs; 3) Develop training packages, pamphlets, brochures for training employers – -how to obtain ROEs (ROEs should be very strictly controlled and issued to employers who formally request copies - have unique numbers to control the issuance of ROEs to prevent fraud and abuse; would need a special unit established nationally in Hanoi to issue ROEs; -provide formal training via workshops to employers and their payroll dept; 4) Communications: develop communication packages for employers, workers and other government departments; 5) National implementation of ROE; 	<p>National Assembly meets in 2012</p> <p>Late summer 2012</p> <p>Spring 2012</p>
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			late Fall 2013 January 1, 2014
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Implementation Plan for Proposed Measures			
#	Issue	Details	Timetable
5	Development of Computer System	<p>Implementation of new national computer system will be critical to the development of an improved model for processing claims;</p> <p>Currently, there are two national pilot sites: Ho Chi Minh and Binh Duong where software is being tested;</p> <p>Need to finalize and evaluate the software as quickly as possible or conduct the tendering process for suitable companies and evaluate new pilots;</p> <p>Rollout of software nationally with pilot site in North (e.g. Hanoi) and Central (e.g. Da Nang);</p> <p>National rollout to all ESC offices;</p> <p>Computer system to be enhanced in second phase of implementation by allowing override by selected senior staff; development of a module for suspensions, terminations and continuing</p>	National rollout to commence August 2011

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		benefits and more detailed reports to respond to high level enquiries (e.g. People’s Committees).	
6	Change workflow relating to Decision Making	<p>Currently, after the unemployed worker completes the application for UI allowance, the ESC is responsible for assessing and calculating the UI claim to determine if he/she qualifies to receive benefits as well as amount of and duration of UI benefits; he/she also determines if there are any outstanding issues affecting entitlement as well as recommending acceptance or denial of benefits; the UI claim is then forwarded to the Director of DOLISA who signs off on the final decision of the claim;</p> <p>The working committee from the National Dialogue Workshop has proposed that the final decision be made by the Director ESC;</p> <p>This proposal moves the responsibility to a new position entitled “Insurance Officer” who reports to the Director ESC; the Insurance Officer would be responsible to make all decisions on contentious and non-contentious claims; they would be responsible to conduct all factfinding and have the authority to finalize UI claims for benefit; the new position will be critical if the proposal is accepted to reduce benefits to those who involuntarily lose their job;</p>	
Implementation Plan for Proposed Measures			
#	Issue	Details	Timetable
		<p>Steps:</p> <ol style="list-style-type: none"> 1) need consensus on the establishment of the new position; 2) need to change law where the final decision is made by the Director ESC but this authority can be delegated to an insurance officer of ESC; 3) need to develop qualification and list of competencies for position requiring good 	2011

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		<ul style="list-style-type: none"> 3) need consensus; 4) amend law – Decree 127 to impose reduction of benefits for those who quit without just cause (or good reasons) as well as those who were fired because of misconduct; 5) need to look at number of staff required, hiring and with sufficient competencies; 	2012
Implementation Plan for Proposed Measures			
#	Issue	Details	Timetable
		<ul style="list-style-type: none"> 6) need to provide staff with reference material as well as develop training products for formal training of those making decisions; 7) Development of a “Digest of Benefit Principles” which provides guidance to decision makers on specific reasons for quitting (e.g. personal, working conditions, supervisor/employee problems etc) or being fired (e.g. absenteeism, unable to perform duties, breach of contract etc); 8) Need to ensure unemployed workers and employers have access to adequate appeal tribunals in relation to decisions of payment or non-payment of UI benefits; 9) Also, need to ensure decisions are made uniformly throughout the country on the basis of guidance provided in the Digest (Quality Assurance Program); 10) This proposal can be implemented simultaneously with “workflow changes to decision making above. 	2013

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8	Change workflow relating to UI payment	<p>Currently, VSS is responsible for issuing payments of UI benefit to unemployed workers via PSI offices;</p> <p>Once the claim is finalized by Director of DOLISA, the necessary forms (list of those eligible and UI decision) are completed and sent to VSS for processing;</p> <p>VSS will then notify the lower level SI and they will initiate necessary forms to pay worker either through the bank or cash payments at lower level SI or commune;</p> <p>Working committee from the National Dialogue Workshop proposes to change article 38 of Decree 127 that ESC should be responsible for UI benefits payment (rather than VSS) within 20 working days; administrative costs for VSS dealing with coverage issues and collection of premiums from employers should continue to be covered by the UI Fund;</p>	2012
Implementation Plan for Proposed Measures			
#	Issue	Details	Timetable
		<ul style="list-style-type: none"> - BoEs argument is that payment by ESC could streamline workflow by paying unemployed worker at time of continuing registration (reduce the number of times unemployed worker reports to various departments/employer after becoming unemployed); - VSS’s argument: payment should be maintained among PSIs due to their extensive experience providing SI payments and VSS’ experience in investing financial reserves; <p>Need to accomplish:</p>	2013

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		<p>1) in the short term: allocate one PSI representative in each ESC to provide assistance to workers who face delays in payments;</p> <p>2) in the short term too: conduct a feasibility study to determine staff requirements/locations (work with VSS) and financial impacts;</p> <p>3) Reach all stakeholders consensus on the most efficient manner to handle UI benefits payments.</p> <p>Medium term: Undertake action and implement measures to adjust to the recommended option.</p>	Jan. 1, 2014
9	Elimination of Lump Sum Benefits in anticipation of benefit duration rising to 6 months	<p>Lump sum benefits were introduced to provide incentives to unemployed workers to find permanent full time work as quickly as possible;</p> <p>At the beginning of implementation on Jan 1, 2010, the maximum number of UI benefits payable was 3 months;</p> <p>When a person has worked in insurable employment from 36 to 71 months prior to termination, he/she will be entitled to 6 months of benefit (potential claims could be received beginning of January 2012);</p>	
Implementation Plan for Proposed Measures			
#	Issue	Details	Timetable
10	Creation of Investigation and Control Unit	<p>Part of a well functioning UI program is the establishment of a Benefit and Control program which protects the integrity of the UI fund. An integrity program will help ensure that UI benefits are delivered to the right person at the right time for the intended purpose.</p> <p>The Integrity efforts not only ensure public confidence and trust in the delivery of UI benefits, but also yield savings to the national government. These savings can be divided into “direct savings” and “indirect savings”. “Direct savings” are overpayments and penalties that are identified as a</p>	

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		<p>result of integrity activities and are subject to recovery (also need to look at an amendment to the law which would allow BoE to reconsider previous decisions within a specific timeframe). “Indirect savings” are reductions in future program payments (i.e. avoidance of future costs) resulting from the discontinuation of benefits.</p> <p>The establishment of a Benefit and Control program creates an awareness of ESC staff, unemployed workers and employers of the commitment to protect the UI fund from fraud and abuse. Most of the activities associated with the Integrity program consists of preventative measures and investigations.</p> <p>Preventative measures can be warnings of penalties for those who commit fraud, conducting information sessions with new unemployed workers, developing pamphlets and brochures discussing abuse of the UI fund and newspaper articles of the dangers of committing fraud and abuse.</p> <p>Investigations are conducted when the Benefit and Control program receives information that the unemployed worker could have received UI benefits to which he was not entitled. This information could be received as a result of an interview with ESC staff member, from another department, an employer’s notice of finding full time employment or a third party report.</p>	
Implementation Plan for Proposed Measures			
#	Issue	Details	Timetable
		<p>Steps to implementation:</p> <ul style="list-style-type: none"> - Feasibility study; - Consensus and approval ; - Changes to the law; 	2013

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		<p>report to the government the yearly results of this type of quality monitoring.</p> <p>Steps to implementation:</p> <ul style="list-style-type: none"> - Consensus and approval; Changes to law; - Development of responsibilities - Development of policies, procedures, processes and monitoring package; - Human resources: identify competencies and skills, hiring, staffing, training, etc; - Administrative issues: desks, chairs, supplies etc; - Development of training packages; - Development of processes: claim selection, sending copies of files from ESC to BoE etc; - Development of reports and error codes; Train Monitors; - Implementation of new quality program. <p>A Quality Processing Program could be initiated at the local ESC level to determine levels of quality decision making and claims processing. Potential overpayments/underpayments would be identified at each ESC level and provide valuable information to BoE national level. The ESC Director could be responsible for the actual monitoring of claims and identifying errors not affecting pay and potential overpayments/underpayments. Errors could be brought to the attention of ESC staff by the Director and ensure error had been rectified (provided there are provisions in the UI Act to reconsider a decision by ESCs and the timeframes). Local ESC reports would be rolled up to the national level where they could be consolidated to determine quality of claims processing nationally. Again, an actuarial would be needed to determine the number of claims to be monitored to ensure the statistics is valid.</p>	<p>2012</p> <p>2013</p>
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