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## **ASEAN-ILO/Japan Project on Unemployment Insurance and Employment Services in ASEAN**

### **ASEAN SEMINAR ON UNEMPLOYMENT INSURANCE, INCOME SECURITY MEASURES AND ACTIVE LABOUR MARKET POLICIES**

**Ho Chi Minh City, Viet Nam, 20-22 March 2012**

#### ***The justification for Unemployment Insurance (UI) schemes and other strategies to support unemployed and working poor in ASEAN***

While the impact of the global economic and financial crisis has been large on the ten countries of the Association of Southeast Asian Nations (ASEAN), the region has rebounded remarkably. However, the South East Asian's unemployment rate is estimated to have edged down only slightly, from 5.2 per cent in 2009 to 5.1 per cent in 2010.

In addition, in some of the ASEAN countries, e.g. Indonesia, Malaysia and the Philippines, the past-crisis exacerbated the rigidity of the labour law (hiring and firing rules) and its subsequent adverse effect on the economy, such as the reluctance of enterprises to hire workers on long term contracts and to invest in their employees (in terms of training, career development, etc.).

It is acknowledged that reforms of the labour law to introduce a higher degree of flexibility should not be conducted at the expense of the sole workers. Such reforms should be facilitated by the introduction of unemployment benefits schemes and active labour market policies.

Experiences gained from countries, most of which are the developed, show that combination of UI cash benefits and active labour market policies (ALMP) are one of the most effective and efficient mechanisms to protect the unemployed and their families against poverty on the one hand, and to assist them to return to employment as soon as possible on the other hand.

However, the main source of widespread poverty in lower-income countries is not temporary, but structural. In the ASEAN region, the crisis has slowed down the declining trend between 2003 and 2008 in the share of workers in vulnerable employment (working poverty), defined as the sum of own-account workers and contributing family workers. Workers in vulnerable employment status operate in the informal economy, which typically offers low-quality, unproductive, poorly remunerated employment opportunities and little or no social protection.

Hence, in the informal economy, where everybody has to work in order to survive the very concept of "unemployment" seems to be irrelevant. The main issues are underemployment and the often

extremely precarious character of existing employment opportunities. The long-term solution relies on sustainable employment-generating policies, but there is still a need for interventions that alleviate the consequences of losing income. These should include: income support / income security for the unemployed and underemployed (working poor) in the form of cash transfers, as well as certain forms of basic employment guarantees in the form of public work programs.

Such measures are among the foundations of the Social Protection Floor (SPF) promoted by the ILO and the United Nations since April 2009 as one of the United Nations Chief Executive Board measures to face the crisis and accelerate recovery.

An integrated approach between UI and ALMP is clearly recommended in the ILO Social Security (minimum Standard) Conventions, 1952 (No. 102) and the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) which define the benchmark for setting up unemployment insurance schemes. This integrated approach is also recommended while implementing income and employment security measures for the working age population which constitutes the third guarantee of the SPF.

An integrated delivery mechanism, under the Single Window Service (SWS) concept, seems relevant and useful for various reasons:

- it will increase access to information on social protection and employment services and contribute to effective delivery of these services;
- it will increase coordination at delivery level of institutions and therefore reduce costs by avoiding duplications (e.g. single registration, vulnerability and skills assessments);
- it will foster synergies between local level interventions and therefore increase their impact on poverty reduction and human development (e.g. by linking cash transfers with school attendance and health check-ups, by linking access to PWP with access to health care);
- it will facilitate the collection / update of data, and therefore will feed the central database of labour market information, as well as data on poverty reduction & social protection programs;
- it will give incentives for informal economy workers to use counselling services such as training or microenterprise development, access to micro-credit;
- it carries the potential to create incentives for economically active workers needing temporary support to become self-reliant and gradually benefit from higher levels of protection through contributory or partially contributory systems. With their progressive access to better paid jobs, their capacity to contribute to social security schemes is increased and they progressively have access to higher levels of social security benefits.

Most of the ASEAN countries, however, do not have fully functional public employment service agencies or UI systems. Only Thailand and Viet Nam have an established UI scheme. Three others countries, Malaysia, Indonesia and possibly the Philippines, are considering introducing UI to cushion effects of any future economic shocks and possible labour law reforms on workers in the formal economy. Measures to protect income and support employment of the vulnerable workers are still very scattered.

Therefore, there are immediate needs in transferring the experience/ expertise and raising awareness on the importance of social security schemes and employment measures to protect workers who lose their job and their family.

***Tripartite Seminar on Unemployment Insurance (UI), other income security measures and Active Labour Market Policies in ASEAN***

In this context, the ILO Regional Office for Asia and the Pacific, and its Country Office for Viet Nam, and the Ministry of Labour, Invalids and Social Affairs of Viet Nam, in collaboration with the ASEAN Secretariat, propose to hold a tripartite seminar among ASEAN governments' and social partners' representatives on UI and other income security measures, as well as ALMP for workers of both formal and informal economy.

The seminar will take place in Ho Chi Minh City, Viet Nam, from 20 to 22 March 2012 (2.5 days).

The seminar will be sponsored by the *ASEAN-ILO/Japan Project on to Promote and Build Unemployment Insurance and Employment Services in ASEAN* (the ASEAN UI Project).

The meeting will gather around 40-45 representatives of the Ministries of Labour, Workers' and Employers' Organizations of the ASEAN member States.

The ultimate objective of the meeting is to promote further and implement income and employment security measures for the working age population of the ASEAN countries. It is expected that the meeting will stimulate the adoption of an ASEAN Declaration to promote and implement the SPF, as well as feed the discussion regarding the possible adoption of recommendations on the SPF during the 2012 International Labour Conference.

The specific objectives are to share experiences and knowledge, raise awareness, and build synergies between initiatives to promote UI, as well as other income security measures and ALMP to support the unemployed and vulnerable workers, in the ASEAN.

The seminar will disseminate ASEAN and worldwide countries good practices on UI, income security measures and ALMP for formal and informal economy workers. It will also be an opportunity to share information and importance of the ratification of two up-to-date ILO conventions related to UI: the Social Security (Minimum Standards) Convention, 1952 (No.102) and the Employment Promotion and Protection against Unemployment Convention, 1988 (No.168). The seminar will likewise provide an update of the latest global discussions related to the SPF Initiative. The seminar will also contribute to create a network of experts in the region.

Finally, the seminar will include a field visit to an Employment Service Centre in Ho Chi Minh City.

**Tentative agenda**

See attached.