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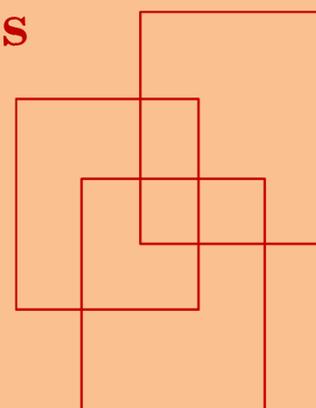
International
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Proceedings and country briefs

Round Table on the design of unemployment insurance systems: Learning from ASEAN experiences

19-20 November 2012

Manila, Philippines



ILO/Japan Promoting Unemployment Insurance and Employment Services in ASEAN

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Acronyms

ALMP	Active Labour Market Policy
BOE	Bureau of Employment (Viet Nam)
DOE	Department of Employment (Thailand)
DOLE	Department of Labor and Employment (Philippines)
DOLISA	Department of Labour, Invalids and Social Affairs (Viet Nam)
EI	Employment Insurance
ESC	Employment Service Centre (Viet Nam)
ILO	International Labour Organisation
ILS	Institute for Labour Studies (Philippines)
KEG	Key Employment Generators (Philippines)
LGU-PESOs	PESOs administered by the Local Governments Units (Philippines)
MOL	Ministry of Labour (Thailand)
MOLESS	Ministry of Labour, Employment and Social Security
MOLISA	Ministry of Labour, Invalids and Social Affairs (Viet Nam)
NET	Not in employment, nor in training
SPF	Social protection floor
SSO	Social Security Office (Thailand)
TESTA	Technical Education and Skills Training Authority (Philippines)
THB	Thai baths
UI	Unemployment Insurance
VND	Vietnamese Dong (US\$1 = VND20,000)
VSS	Viet Nam Social Security

Executive Summary

More than 60 participants from the Philippines, as well as resource persons from the Malaysia, Myanmar, Thailand and Viet Nam attended the Round Table. They were policy makers, practitioners, social partners and experts involved in the design and implementation of unemployment benefits or other measures to protect the unemployed.

The resource persons were those part of the ASEAN Unemployment Protection Experts' Network. Experts of this Network are policy-makers, practitioners, researchers who participate in most events organized by the ILO/Japan ASEAN UI Project, and play the role of resource persons in training and technical meetings in their respective country. The members of this Network are also considered as potential experts to provide technical support to the development of unemployment benefits schemes and employment services in ASEAN.

The Round Table was organized by the ILO Country Office for the Philippines, the ILO/Japan-ASEAN UI Project and the Government of the Philippines.

The Round Table recalled international labour standards relating to unemployment benefits, share experiences of ASEAN's on-going initiatives to protect and support the unemployed, as well as worldwide practices on unemployment insurance.

More specifically , the Round Table achieved the following four objectives:

- (i) it raised awareness on ILO's principles and concepts related to unemployment protection,
- (ii) it explored different modalities of unemployment or employment insurance applied in countries worldwide,
- (iii) it shared experiences and lessons learnt from ASEAN countries concerning the design process, consensus building for the introduction of unemployment benefits and necessary adjustments of the unemployment insurance over time,
- (iv) it presented the different steps of the design process and the importance of adopting an integrated approach between unemployment insurance and employment support policies.

The Round Table combined learning and interactive methods, e.g. power point presentations, group exercises and discussions. The Round Table engaged some discussions on concrete study cases inspired from international practices, with the objective to get the participants to reflect on different possible options for unemployment protection.

Policy makers and practitioners from invited countries shared their experience on the design and implementation of their respective schemes and programmes to protect the unemployed. In addition to a presentation on specific issues, each country prepared a Country Brief (8 to 10 pages) to present the unemployment situation, existing policy and programmes to protect the unemployed and possible recommendations for improvement of the unemployed protection in their respective country.

PROCEEDINGS

Opening remarks

Mr Jefferson Lawrence Johnson, Director of the Country Office of the Philippines reiterated that social security is recognized as a human right; however yet far to be a reality for all. Actually, deprivation from social security may lead to worsened risk such as child labour, poverty. Social protection is one of the key conditions to sustainable inclusive growth which will ensure that all will benefit from the socio-economic development of the country. The ILO's Social Security (minimum standards) Convention, 1952 (No.102) and the recently adopted Recommendation on nationally defined floors of social protection, 2012 (No.202) include a number of fundamental principles that all social security schemes should encompass: universality, fair balance of interest, collective financing, State's responsibility, good governance and progressiveness of benefits and coverage. The Social Protection Floor Recommendation calls for Government, Workers and Employers, to establish four basic guarantees for all as a first step of the extension of social security. Unemployment protection measures, including unemployment insurance benefits, are among the possible options to achieve these guarantees, especially income security and increased employability for those in active age groups.

In the Philippines, the Department of Labour and Employment (DOLE) has recently adopted the Philippines' Social Protection strategy for 2011-2015, under which unemployment benefits have identified a priority. Several studies have been already conducted to assess feasibility of the introduction of unemployment benefits, which demonstrate the strong commitment by all partners to move forward.

The ILO Country Director encouraged the Philippines to learn from several years of implementation in Thailand and Viet Nam. To this extent, since 2011, ASEAN member States have received technical cooperation from the ILO, through the ILO/Japan multi-bilateral programme, to promote unemployment insurance. This project represents a unique opportunity for the Philippines to benefit from the knowledge and experience sharing generated by the project's activities.

The ILO Country Director acknowledged that the experts' meeting constitutes a platform to learn from ASEAN practices, explore different modalities of unemployment benefits worldwide, also share experiences on building consensus to introduce unemployment insurance, and insisted on the importance of adopting an integrated approach linking income protection and employment promotion policies.

Masami Hirata, First Secretary and Labour Attaché, Embassy of Japan in the Philippines, indicated that the event is part of the on-going ILO/Japan-ASEAN project which aims at promoting income security and employment security measures. He insisted that in Japan, the Employment Insurance (EI) system does not only provide income support but also comprehensive measures to support return to employment. He trusts that the project will help all ASEAN countries to implement income and employment security measures. Indeed, the changing economic environment challenges the protection of workers and their family. He appreciated that the event provided a platform for ASEAN policy makers, social partners, and stakeholders to learn from respective experiences to protect the unemployed, in particular to promote the design of unemployment insurance policies. Finally he

recognized that such project is important as it can shape social protection system that will be implemented in ASEAN countries.

Session 1: Unemployment challenges and ILO's responses

Being out of work: unemployment trends, features and challenges in the Philippines

By the Levinson Alcantara, OIC-Deputy Executive Director, Institute for Labor Studies, Department of Labor and Employment, Philippines, Philippines

In July 2012, 7% of the economically active population, or approximately 2.8 million were counted as unemployed, 51% of them being young people (15-24 years old). While unemployment for the whole population tends to affect similarly men and women, unemployment rate of young women is higher to the one of young men by 3 points. In 2010, one out of four young people was considered NET, i.e. not in employment, nor in training; among the young women this figure almost reaches one out of three. 45.1% of the unemployed have not completed the tertiary education level.¹ The Philippines is the ASEAN country with the second highest unemployment rate;² and with the slowest decrease over the past six years.

The challenges that face the Government of the Philippines to address unemployment, and in particular among young people, are (i) the economic growth does not generate employment; (ii) skills available on the market do not match labour demand, which particularly makes the transition from school to work a concern.

The Government sees the establishment of a nationally defined social protection floor as an opportunity to address unemployment in an integrated manner by combining income support, employment promotion and active labour market policies. Such floor could be supplemented by an unemployment insurance system that will prevent formal employees who lose their job from growing the rows of the informal economy.

The Government of the Philippines has committed to (i) studying the feasibility of introducing unemployment insurance; (ii) exploring alternative schemes of social security, e.g. firm-specific retirement programmes, workers' mutual protection programmes under the form of cooperatives, micro-insurance schemes adapted to indigenous populations; and (iii) expanding mutual support funds piloted in certain economic sectors such as sugar industry (type of unemployment insurance). The Government has also reaffirmed the importance of building the extension of social protection in the country on a sound national dialogue with employers' and workers' representatives.

ILO's standards on unemployment protection

By Celine Peyron Bista, Chief Technical Advisor, ILO/Japan Project Promoting and building unemployment insurance and employment services in ASEAN.

Unemployment benefits are included in the Social Security (minimum standards) Convention, 1952 (No.102- Part IV) and Unemployment Protection and Promotion of Employment Convention, 1988

¹ ILO, 2012: Decent work country profile: Philippines (Manila).

² ILO combined statistics, 2012.

(No.168) and its Recommendation No.176. Protection of those in active age is also one of the three guarantees of Social Protection Floors, as defined in the Recommendation on Nationally Defined Floors of Social Protection, 2012 (No. 202).

The contingency covered by these instruments includes suspension or loss of earnings due to inability to obtain suitable employment in the case of a person protected who is capable of and available for work. Convention No. 168 explicitly provides that the person must be actually seeking work. Convention No. 102 focuses on full unemployment; however, Convention No. 168 provides that government must endeavour to extend protection to loss of earnings due to total or partial loss of earning as a result of partial or full unemployment. Moreover, the Convention recommends setting up measures for new applicants for employment or those who have ceased to be covered by unemployment insurance schemes. This provision is particularly relevant in ASEAN countries where youth unemployment remain a major challenge and informal economy yet employ most of the working population.

It should be noted that Convention No. 168 is not solely intended to protect unemployed persons against loss of income, but also to promote employment and increase employabilities. Countries should adopt appropriate steps to coordinate their system of protection against unemployment and their employment policy in order not to discourage employers from offering and workers from seeking productive employment.

For the ILO, the provision of unemployment benefits on the basis of periodical payments, and social Insurance is optimal in most cases, for reasons that it is well-suited to ensuring the rights of participants; periodical payments best meet the livelihood needs of individuals and families; the social insurance mechanism allows for “pooling” of risks and costs on an equitable basis, and it allows for protection of workers even when an employer becomes insolvent (and cannot comply with severance pay) or individual savings mechanisms fail (as in recent economic crisis).

The objectives of an unemployment insurance are threefold:

{slide UI objectives}

Finally the presentation concluded with pointing out implications for the ASEAN countries while discussing the introduction of unemployment benefits.

1) The compulsory severance pay often fails to alleviate the plights of laid off workers. Unemployment insurance should be introduced, even in countries with a large informal economy. However, this will require reinforcing efficiency and transparency of public governance and strengthening of institutional capacities.

2) A low-cost model of unemployment insurance with a short duration and low amount of unemployment benefits is more suitable for ASEAN countries, also to prevent increasing social inequities in countries where only a minority of workers will be insured.

3) Active labour market programs (ALMPs) should be financed by government and employers as an effort to increase competitiveness of the economy, not by the unemployment insurance fund.

4) In ASEAN context, voluntary quitters should not be left completely unprotected, unless the state agencies have effective and efficient mechanisms to distinguish genuinely voluntary quitters from "disguised" or "forced" voluntary quitters.

5) The ILO standards and a number of international practices recommend not overlapping compensation through the compulsory severance pay and unemployment insurance scheme.

Session 2: Process for the design of unemployment benefits

Thailand: the design process of the UI scheme and its adjustments overtime

By Ms. Nawarat Boonpiam, Social Security Office, Ministry of Labour, Thailand.

Unemployment insurance is part of Thailand's attempt to build a comprehensive social security system. It was included in the Social Security Act unveiled in 1991. In 1997 and 1998, greater attention was put on unemployment benefits as a result of the massive layoffs and unemployment rise from 0.4 million to 1.4 million in 1998. In 1999, a Royal Decree enacted the introduction of unemployment benefits as part of the social security system.

Between 1999 and 2004, several feasibility studies and consultations with social partners were conducted, with support from the World Bank and the ILO. Position and feedback of workers' and employers' representatives on the agreeable level of contributions and benefits were collected through broad surveys. In 2003, a consensus on the design was finally reached after three years of negotiations among stakeholders. The ILO also included in the proposal the establishment of a one-stop shop service, called the JobLink, to help job seekers to draw up job-search-action by making use of the job seeker's preferred channels to find work.

The current unemployment insurance model in Thailand is based on a tripartite contribution: 0.5 per cent from each workers and employers, 0.25 per cent from the government to support the development of vocational training. Benefits are provided at the rate of 50 per cent of past earnings for a maximum duration of six months within a year if involuntary laid-off; the rate will be reduced at 30% of past earning up to three months if the person has left voluntarily the job. The wage reference for calculation of the contributions and therefore the benefits is cape between THB1,600 and 15,000. Benefits are paid within 30 days after contract termination. Monthly reporting to public employment centers is a mandatory requirement. The implementation of the UI scheme involves four institutions: Social Security Office, Department of Employment, Department of Skills Development, Department of Labour Protection and Welfare (if appeal on the UI decision).

During the economic crisis in 2009, the UI contributed to prevent increased poverty. Existing mechanisms to facilitate return to work helped identifying new jobs for those laid off. Similarly, during the flood in 2011, alleviation measures such as extending benefits period, expanding period for registration to Employment Services Centres to claim benefits, acceleration of payment of UI benefits through 24 hours call center, reporting by phone were introduced. Other measures were also taken by the SSO to provide more comprehensive support to those affected by the flood, such as medical mobile unit, medical assistance for specific groups, and loan to employers to retain employment.

{slide lesson Thailand}

As per the performance of the scheme in Thailand, most of the beneficiaries in 2012 were voluntary quitters. SSO is currently investigating measures to ensure that the scheme actually serves its primary purpose of protecting those who lose their employment by no fault of their own and are unable to find suitable employment. The government is also considering the reform of the severance pay provision which it is believed still overlaps the UI benefits.

To respond to the cumulating balance under the UI fund, the government is debating the introduction of new programmes that will create incentives to return to work. Financial incentive is among the options being discussed.

In Thailand, to ensure enforcement of the Social Security Act, employers are taxed an additional 2% on their contribution for every month of delay. If no payment is made, the case is brought to the court.

Viet Nam: Presentation of the unemployment insurance scheme and recent debates

By Tran Tuan Tu, Bureau of Employment, Ministry of Labour, Invalids and Social Affairs, Viet Nam and Loan Ngo Thi, National Officer, ILO Country Office for Viet Nam.

The UI policy was included in the Social Insurance Law 2006, and then implemented in 2009. The law covers all Vietnamese employees who have a labour contract for at least three months in enterprises with at least 10 employees. The labour contract can be either oral or written. An employee who loses his/her job should meet the following conditions to qualify for unemployment benefits under the UI scheme: (i) have contributed for 12 full months or more within 24 months; (ii) have registered at the employment service centre (ESC) within 15 days; and (iii) not have found a new job within 15 days from the date of registration. The minimum benefits period after 12 months of contribution is three months, and the maximum one six months. An insured unemployed is provided free access to ESCs services, and can apply for a vocational training allowance (up to 300,000 Vietnamese Dong (VND)) for up to six months. The health insurance card of an insured unemployed is extended with contribution covered by the UI fund. If the unemployed fails to report monthly, or is detained, his/her UI benefits will be suspended. The benefits can be resumed when the unemployed reports again to the ESCs or is released from the detention centre. The UI benefits will be terminated if a suitable employment is refused twice without plausible reasons, and/or the person does not report for three consecutive months to the ESCs. The UI scheme is financed by a contribution rate of 3 per cent shared equally between the employers, employees and government. Viet Nam Social Security collects contributions and pays benefits for all social insurance contingencies, including unemployment benefits.

The UI scheme in Viet Nam has been introduced by taking into consideration all views during the law making process through tripartite consultation mechanisms. At the provincial level, certain Departments of Labour, Invalids and Social Affairs (DOLISA) have developed some agreements on

respective responsibilities among each institution involved in the UI scheme administration. For instance, such agreement gives an indication on the deadline for processing the claim.

After three years of implementation, MOLISA confirms that the introduction of UI had not impacted the unemployment rate in the country.

The scheme successfully raised awareness among employees and employers which resulted in a significant increase of registrations. By October 2012, 424,204 employees were registered. The awareness campaign founded its message on the principle for UI scheme in Viet Nam: “Right object, right benefits at the right time”.

Drafting the relevant legal documents is also a key element for the success of the scheme. Respective responsibilities of the different ministry agencies, employers and employees have to be clearly defined. The implementation of the scheme will have to rely on advanced information technology for delivering services.

The UI laws in Viet Nam do not make any distinction between voluntary and involuntary loss of employment. Such provision has been introduced to improve the protection of those who, under certain circumstances, are constrained to resign, in a context where mechanisms to distinguish the reason for contract termination are weak. The tripartite constituents are discussing the reform of this provision as it is believed that the majority of those receiving unemployment benefits have voluntarily resigned to their contract, although to date no data is collected on the reason for separation.

Another lesson learnt from Viet Nam resides in the importance of establishing a sound monitoring and evaluation system. Such system relies on the implementation of a comprehensive and effective IT system that enables to register insured unemployed, process UI claims and monitor return to work. The IT system is also a relevant tool to promote the development of a one-stop-shop that coordinates services provided by Viet Nam Social Security, ESCs and training centres. In this sense, a Memorandum of Understanding has recently been signed between VSS and MoLISA to collaborate and share information; however on transfer of data some improvement can still be done.

MOLISA has proposed a reform to extend coverage to all enterprises – at present, only enterprises with at least 10 employees are covered -, those with at least three month contract (12 months is currently the threshold) and migrant workers. MOLISA is also seeking solutions to improve linkages between unemployment benefits and employment services to ensure that unemployed will return quickly to work. Currently, BOE estimates at 5% those who return to work before exhausting their unemployment benefits. To improve the rate of return to work, BOE is promoting the single-window-services which is being piloted already in Hanoi and HCMC. Mechanisms to allow proper distinction between voluntary and involuntary quitters are also being explored. Finally, MOLISA is currently designing a performance indicators system that will ensure proper monitoring and financial sustainability of the scheme.

Session 3: Learning from Asia and worldwide unemployment insurance experiences

Looking at different models: Learning from 14 UI/EI schemes across the world

By Celine Peyron Bista, ILO

There may currently be about 72 countries worldwide that provide unemployment benefits of some kind (ILO, 2012). The research included the review of 14 unemployment/employment insurance schemes: in North America: Canada and the United States; in South America: Argentina and Chile; in Europe: Denmark, France and Germany; in the Middle East: Bahrain; in Asia: China, Japan, Mongolia, Republic of Korea, Thailand and Viet Nam. Some countries, notably Canada, the Republic of Korea and Japan, use employment insurance as it provides a more pro-active name to their scheme. Although under employment insurance scheme, more emphasis may be put on employment support programmes, fundamental principles applying to the design and implementation of unemployment benefits remain the same.

Virtually all countries researched have a national mandatory insurance scheme which provides cash benefits related to previous earnings, under the form of periodical and temporary payments. For the exception of Chile, all the 13 schemes are based on social insurance principles as recommended by the Social Security (Minimum Standards) Convention, 1952 (No. 102). Denmark has a voluntary scheme which covers more than 80 per cent of the working population. In Chile, the benefits rely firstly on individual savings and can be then supplemented by a social insurance component.

All countries provide the usual employment services required for effective job search, such as counselling, job fairs, assistance for writing curriculum vitae (CV), labour market information, job database, mobility allowance, and so on. Also, most of the schemes offer different programmes to encourage the insured unemployed to upgrade their skills, undertake training, such as vocational training allowances as well as benefit extensions if the training lasts beyond the end of the UI benefit period.

In all 14 countries, salaried workers of the private sector are traditionally those covered by the UI scheme. Some countries have extended coverage to self-employed and certain categories of workers on a voluntary basis. In Argentina, Chile, Denmark, the Republic of Korea and Thailand, government employees are excluded. Although migrant workers are legally covered under almost all the schemes, due to the requirement to be present in the country to report periodically to the employment services, they rarely enjoy their UI benefits, unless paid as a lump-sum upon departure from the country. For the exception of Canada, Denmark, France and Germany, domestic workers are not covered. Workers with low earnings are also excluded in Germany, Japan and the Republic of Korea, as well as part-time, temporary or seasonal workers in China, Japan, Republic of Korea and Viet Nam.

The most frequent benefit rates range from 50 to 60 per cent of previous contributory earnings. This is seen in Argentina (for the first four benefit months), Bahrain, Canada, Chile (though only for the first month), Germany (at the standard rate), the Republic of Korea, Thailand (for involuntary job loss), the United States and Viet Nam. Germany provides a more generous rate of 67 per cent for persons with one or more dependent children, while France and Japan have even higher rates for jobseekers with formerly low incomes (up to 75 and 80 per cent respectively). Denmark's UI scheme stands as the most generous with a 90 per cent benefit rate.

Financing arrangements include employer contributions in all but one of these 14 countries (Denmark), and they also include workers in all but one country (the United States, except three States). Governments contribute on a regular basis in four countries (Bahrain, Thailand, Viet Nam and, to a minor extent, Chile), and on an emergency basis in four more (Argentina, Germany, China and the United States).

When it comes to measure the performance of the UI schemes, the share of the informal employment in the labour market inevitably restricts the scope of UI/EI coverage, especially when considering effective coverage. This is particularly the case in Argentina, Thailand and Viet Nam, and China for rural migrant workers. Even in countries where informal employment does not pose a problem, effective coverage of the unemployed will usually range between 40 to 50 per cent. In search for social equity and redistribution of the fruits of growth, most of the 14 countries complement their UI benefits with non-contributory schemes that will allow minimum income security among vulnerable workers, including those who have exhausted their UI benefits. Another important indicator of the performance of the UI/EI scheme is the comparison between the level of unemployment benefits and the national poverty line or legal minimum wage, when it exists. In almost all the reviewed countries, unemployment benefits are set between these two lines.

Varied conclusions could be drawn from this study. One of the main conclusions is that UI/EI schemes are specific to each country depending on the circumstances, unemployment features, labour market characteristics, existing provisions, and so on. A second conclusion is the need to have a clear idea of what should be achieved by adopting a UI scheme, accompanied by a realistic view of the limits of such an instrument. No UI scheme, however well designed and even it is accompanied by active labour market policies (ALMPs), can solve the unemployment problems of a country. The main objective of a UI scheme should be kept as simple and straightforward as possible: namely, to provide temporary and partial income replacement to insured persons who lose their jobs while they seek to obtain new employment.

Session 4: Articulation between unemployment insurance and employment support services

Integrated approach: unemployment benefits and employment support services

By Celine Peyron Bista, ILO.

ILO Conventions related to unemployment protection recommend a close coordination between unemployment benefits and active labour market policies. Thereby, a three dimensional approach (ensuring income security, supporting re-employment and increasing capabilities) appears to be the most effective strategy to address unemployment. Case-management services, which assign one ESCs staff to monitor closely the situation of a certain number of beneficiaries, facilitate re-employment of the job seekers in a more effective and sustainable manner. Countries like France, Argentina and Thailand, have adopted integrated structures to offer a “single window” to deliver services provided by different implementing agencies (social security, social assistance, employment institutions). This approach has created effective linkages between social security and employment policies and databases, improved monitoring of beneficiaries, and enabled bridges to address

different situation in employment (throughout the life cycle and shifts between informal and formal employment).

Viet Nam, Role of ESCs to facilitate the re-employment of the insured unemployed BOE, Viet Nam

By Ngyuen Quang Son, BOE, MOLISA, Viet Nam.

Viet Nam counts with 129 employment service centres (ESCs), 63 directly under the responsibility of DOLISA, 66 are supervised by other partners, e.g. trade unions, women associations, farmers associations. The main purpose of ESCs is to support the unemployed to return as early as possible to the labour market.

UI scheme is implemented by the 63 ESCs, which consist in receiving UI claims and transfer the file to DOLISA for approval of the UI benefits payment. The role of ESCs in UI implementation resides in providing job counseling and placement services. In addition ESCs collect labour market information, in particular vacancies from employers. One a month, certain ESCs organize job fairs that connect employers and job-seekers. Finally ESCs can conduct vocational training for the workers.

For the counseling services, ESCs offer two levels of consultations: (i) with larger groups (concentrated model) during the job fair; and (ii) with more limited groups (integrated model). For job consultation, the service can be delivered directly to the unemployed by meeting the ESCs staff, or indirectly by consulting on line (phone centre).

For vocational training, job-seekers can participate to trainings organized either by the ESCs or those indicated by ESCs. For those insured under UI, they will receive a monthly allowance up to VND300,000 to facilitate their participation to training and re-training programmes. However, the VT allowance and content are still perceived as poorly attractive as shows the low enrolment rate to VT programmes by UI beneficiaries (less than 2 per cent in 2012).

The strengths of the ESCs are in the quality of services for counseling and job placement, with in particular a good practice is the job fairs. ESCs also contributed greatly to increase awareness of UI policies and procedures among the unemployed.

However, yet some shortcomings need to be addressed. The efficiency of ESCs in rural and remote areas needs to be strengthened. The quality of counseling and consultation services remains weak due to lack of skilled and qualified ESC staff to deliver those services. The counseling methods would need to be diversified to better respond to the needs of the unemployed, efforts must be mobilized to increase participation in vocational training. The set of key performance indicators that BOE is currently developing will also include the review of the performance of the ESCs in delivering services to the job-seekers. Finally, the labour market information system can still be improved. For instance, no database collects disaggregated statistics on the unemployed by sector, skills, type of contracts. With the proposed reform of the labour laws, employers will have to notify the ESCs of any termination of contract in order to prepare the services to receive these additional job seekers.

The experience of Viet Nam shows that:

- it is very important at the design stage to determine the role and responsibilities of each part and institutions involved, i.e. employees, employers, ESCs, VSS, DOLISA;
- efforts have to be put to raise awareness on the introduction of the new UI scheme, the legislation and procedures;
- introducing UI requires some investment in building capacities: training the ESCs staff and developing ESCs facilities;
- special attention should be given to provide access to services in remote areas; and
- implementation of UI requires a strong coordination among the different institutions and with employers. To this extent the establishment of a one-stop-shop service is recommended.

Philippines: Role of the Public Employment Services Offices (PESOs) to support the unemployed

By Evelyn Dacumos, Chief, Employment Service and Program Monitoring Division, Bureau of Local Employment, DOLE, Philippines.

The services of the PESOs are regulated by the Philippines Employment Act. The three core functions of the PESOs are career counseling, job placement and LMI. Half of the enterprises are registered in a PESO which collected 37% of all job vacancies in the first 10 months of 2012. Job vacancies are advertised through Phil-JobNet and job fairs. The main challenge faced by the programme today is the institutionalization of the PESOs which will ensure permanency of facilities and staff by provisions of resources by local government. There are 1,835 established PESOs, among which 244 are community-based organization PESOs. Out of the 1,212 operational PESOs, only 124 of the PESOs administered by the Local Governments Units (LGU-PESOs) are institutionalized.

In addition to the PESOs, the government also supports employment of job-seekers in emerging industries, called the Key Employment Generators (KEG). A job-seeker willing to take a job in one of the 22 KEGs can also benefit from training and retraining organized in collaboration with the Technical Education and Skills Training Authority (TESTA).

In addition, the government develops community-based employment programmes with the objective to reduce poverty at the local level. These programmes, mainly for infrastructure development, are monitored by the local PESO. The programmes are either funded by the national government agencies (DOLE, Department of Agriculture) or by the private sectors. By Law, at least 30% of workers recruited under the community-based employment programme should be low-skilled workers.

Thailand: One-counter-service approach for a better access to employment services and social security benefits

By Anchalee Sintuphant, Department of Employment, Ministry of Labour.

One of the main functions of the PES is to support the insured unemployed to return faster to work as stipulated in the Social Security Act, 1990. The country is equipped with 2 PES in Bangkok and 46

at the provincial level. Between October 2011 and September 2012, more than 560,000 insured unemployed visited the PES and 51% were recruited through the PES. The insured unemployed who were not placed in formal employment recommended by PES are most likely to find a job as self-employed or in informal economy.

In case that an unemployed cannot find a job, additional assistance is provided in the form of aptitude tests, advice for attitude adjustment, vocational guidance for the self-employed, and vocational training and skills development. By Law, the insured unemployed is not authorized to refuse any training.

The PES in Thailand operates as a one-stop-shop center. When the unemployed approaches the PES, first he/she meets the reception office to identify whether he/she insured under the Social Security Office (SSO). The PES staff will then check immediately through the on-line data if some job vacancies can be taken by the unemployed. If there is no matching, the person will be oriented to vocational training opportunities. Job vacancies can be regularly checked on-line from the PES or through internet. The insured unemployed is required to visit monthly the PES to continue qualifying for UI benefits. It is recognized that meetings with the counselor can help to change attitude or re-orientate career development.

PES also provide job placement and counseling services to those non-insured by the SSO UI scheme.

The unemployment system of Myanmar

By Yu Lwin Aung, Chairman, Social Security Board, Myanmar.

At present, 0.6 million persons are insured under the current Social Insurance System, which accounts for only 1% of the population. To improve the social protection situation, Myanmar adopted a new the Social Security Law in August 2012. The Law includes the nine contingencies as recommended by the ILO Social Security (minimum standards) Convention, 1952 (No.102). Unemployment insurance has been introduced to the new Law.

In November 2012, the name of the Ministry of Labour was changed to Ministry of Labour, Employment and Social Security (MoLESS) which shows the government's commitment to expand social protection and employment promotion throughout the country. Such expansion will rely on the enhancement of labour skills which is crucially missing in Myanmar. MoLESS is currently developing a national plan on Myanmar workforce skills development. The Employment and Skills Development Law draft was recently submitted to the Parliament. Such efforts are also taking place in the framework of the ASEAN integration by 2015.

In Myanmar, the unemployment rate is estimated to be at 4% of the 31.3 million active population. However, a census will be conducted in 2014, followed by a labour force survey in 2015 to confirm these figures. The proposed UI system will provide unemployment benefits to those who lose involuntarily their employment, after at least 36 months of contributions. The total UI contribution is 2% equally shared between the employers and employee. The government contribution covers administrative costs for running the UI scheme. 36 months of contribution will open rights to unemployment benefits up to 2 months; 48 months of contribution will provide benefits up to 3

months; and after 84 months' contribution up to a maximum of 6 months. If the insured unemployed is married, the benefit is increased by 10%.

For an employee that will never use his/her entitlements to UI benefits the Law offers the option to withdraw 20% of the employee's contribution from the UI fund. Similarly, an employer who has never dismissed a worker, he/she will have the right to withdraw 20% of the employer's contributions from the UI fund.

In addition to cash unemployment benefits, the insured unemployed will be granted free medical and maternity care, access to public employment centres and skills training support. In case of death of the insured unemployed, the family will receive a funeral grant.

The Government has planned the introduction of the UI system by November 2013. However, still major challenges persist, such as the large presence of small and medium enterprises, lack of awareness and understanding among workers of the benefits of social security and therefore the low level of enforcement of the Social Security Law.

Appendix 1: Agenda of the Round Table

Tentative agenda

Monday 19 November	Sessions	Experts/Resource Persons
08.30 – 09.00	Opening remarks - Mr Lawrence Jeff Johnson, Director, ILO Country Office for the Philippines - Mr Masami Hirata, First Secretary and Labour Attache, Embassy of Japan in the Philippines	Master of Ceremony: Lourdes Kathleen Santos, ILO
	Session 1: Unemployment challenges and ILO's responses	Moderator: Stella-Philippines
09.00-09.20	Unemployment situation and its challenges in the Philippines - Mr. Levinson Alcantara, OIC-Deputy Executive Director, Institute for Labor Studies, Department of Labor and Employment, Philippines	
09.20 – 10.00	ILO's standards on unemployment protection - Ms Celine Peyron Bista, Chief Technical Advisor, ILO/Japan-ASEAN Unemployment insurance project, ILO Bangkok	
10.00-10.15	Q&A Session	
10.15-10.30	Break	
	Session 2: Process for the design of unemployment benefit	Moderator: Mr Larry Lee Hup Siong, Malaysia
10.30-11.10	Country presentations: Thailand: The design process of the UI scheme and its adjustments over time - Ms Nawarat Boonpiam, Foreign Relations Officer, Social Security Office, Ministry of Labour, Thailand Viet Nam: Implementation status and lessons learned from Viet Nam's UI scheme - Mr Tran Tuan Tu, Bureau of Employment, Ministry of Labour, Invalids and Social Affairs, Viet Nam - Ms Loan Ngo Thi, National Officer, ILO/Japan-ASEAN UI Project, ILO Country Office for Viet Nam	
11.10 - 12.00	Round Table on the challenges and benefits of introducing unemployment insurance	
12.00-13.30	Lunch	
	Session 3: Learning from Asia and worldwide unemployment insurance experience	Moderator: Antonio Isidro Asper, Federation of Free Workers (FFW)

13.30-14.30	Comparative review of 14 UI/EI schemes across the world - Ms Celine Peyron Bista, ILO	
14.30-15.00	Q&A Session	
15.00-15.15	Break	
15.15-16.30	Session 3 (cont.): Group discussions: Design options for unemployment benefits	Case studies
16.30-17.00	Restitution of Group discussions	
08.30-08.45	Key points from first day's discussions	Moderator: Celine P. Bista, ILO
	Session 4: Articulation between unemployment insurance and employment support services Presentation by Celine Peyron Bista, ILO	Moderator: Nawarat Boonpiam, Thailand
08.45 – 09.40	Country presentations: Philippines: Role of the Public Employment Services Offices (PESO) to support the unemployed - Ms. Evelyn Dacumos, Bureau of Local Employment , Department of Labor and Employment, Philippines Viet Nam: Role of Employment Services Centres to facilitate the reemployment of the insured unemployed - Nguyen Quang Son, Bureau of Employment, Ministry of Labour, Invalids and Social Affairs, Viet Nam	
09.40 -10.00	Q&A Session	
10.00-10.20	Break	
10.20- 11.30	Session 4 (cont.) Country presentations : Thailand: One-counter-service approach for a better access to employment services and social security benefits - Ms Anchalee Sintuphant, Department of Employment, Ministry of Labour, Thailand Myanmar: Existing measures to protect the unemployed and challenges - Mr Yu Lwin Aung, Social Security Board, Ministry of Labour, Myanmar - Ms Tin Tin Htay, Department of Labour, Ministry of Labour, Myanmar Integrated approach for unemployment benefits and employment support services - Ms Celine Peyron Bista, ILO Regional Office for Asia and the Pacific	Moderator: Dr. Michael Chiam, MEF, Malaysia

11.30- 12.00	Q&A Session	
12.00-13.30	Lunch	
13.30-14.45	Session 4 (cont.): Group discussions: way forward to improve unemployment protection and linkages with employment support services in the Philippines and ASEAN	World Café
15.00 – 15.15	Break	
	Session 5: Conclusion	
14.30-15.00	Restitution of group discussions Next steps for the Philippines and ASEAN	Moderator: Celine P. Bista, ILO Philippines
15.00 – 15.30	Closing remarks - Celine Peyron Bista, ILO - Employers’ representatives, Philippines - Workers’s representatives, Philippines - DOLE, Philippines	Master of Ceremony: Lourdes Kathleen Santos, ILO

Appendix 2: List of Participants

Philippines

Government

1. Ms Cynthia Cruz
Executive Director III
Institute for Labor Studies
Department of Labor and
Employment (DOLE)
2. Mr Levinson Alcantara
OIC-Deputy Executive Director
Institute for Labor Studies
DOLE
3. Ms Evelyn Dacumos
Chief
Employment Service and Program
Monitoring Division
Bureau of Local Employment
DOLE
4. Mr Alberto Manipon
Statistician I
Department of Interior and Local
Government (DILG)
5. Ms Erlinda Capones
Director IV
Social Development Staff
NEDA
6. Ms Myrna Clara Asuncion
Director III
Social Development Staff
NEDA
7. Ms Giorgina Ann Hernandez
OIC – Director
Sustainable Livelihood Program
Department of Social Welfare and
Development
8. Ms Maria Teresa Ranada
9. Mr Malonzo Ibarra
Commissioner
Social Security Commission
10. Mr. Rizaldy Capulong
Vice President and Deputy Chief
Actuary
Social Security System (SSS)
11. Mr. Alan Ortiz
Executive Assistant V
Social Security Commission (SSC)
12. Mr Antonio Nepomuceno Pangilinan
Consultant
Social Security Commission
13. Ms Stella Banawis
OIC – Executive Director
Employees Compensation
Commission (ECC)
14. Ms Marianne Macayra
Attorney IV
Employees Compensation
Commission (ECC)
15. Atty. Jose Sonny Matula
President
Federation of Free Workers
16. Mr. Antonio Asper
Vice President for External Affairs
Federation of Free Workers
17. Mr. Julius Cainglet

Trade unions

- Vice President for Education
Federation of Free Workers
18. Mr Manuel Portus
Trade Union Executive Assistant
National Union of Bank Employees
(NUBE)
19. Ms. Annie Enriquez Geron
General Secretary
Public Services Labor Independent
Confederation (PSLINK)
20. Mr Dave Diwa
President
National Labor Union
21. Mr Rene Magtubo
National Chair
Partido ng Manggagawang Pilipino

Employers

22. Ms. Fe T. Palileo, Member
ECOP Council of Leader
23. Mr. Isauro San Pedro
President
B-Mirk Enterprises
24. Mr. Victor Fernandez
President
PASEI
25. Mr. Patrick Chua
Research Associate
Makati Business Club
26. Mr. Ed Nicolas
Area Vice President
PCCI Region 4A
27. Mr. Nobuo Fujii
President
Japanese Chamber
28. Ms. Liza Leong
Advocacy and Communication Senior
Manager

- Philexport
29. Mr. Angelo Udaundo
Policy Advocacy Officer
Philexport
30. Mr. Manuel Lionel Cid
HRD Manager
Philexport
31. Mr. Anton Sayo
Chairman
Alay Buhay
32. Ms. Sarah Deloraya
President
PALSCON
33. Mr. Jose Roland A. Moya
Deputy Director General
ECOP
34. Mr. Robert Ela
Communications Manager
ECOP

Civil society organizations

35. Ms Marivic Raquiza
Co-Convenor
Social Watch Philippines
36. Mr Vener Abellera
President
CARD MRI Insurance Agency, Inc.

International Resource Speakers

Japan

37. Mr Masami Hirata
First Secretary and Labour Attache
Embassy of Japan in the Philippines
38. Mr Toru Yoshida
Section Chief

Japan International Cooperation
Agency (JICA)

Malaysia

38. Mr K. Somasundram Karupiah
Assistant Secretary – Education
Malaysia Trade Union Congress
(MTUC)
39. Dr Tom Hui Michael Chiam
Council Member
Malaysia Employers Federation (MEF)
40. Mr Larry Lee Hup Siong
Manager
Social Security Organization

Myanmar

39. Mr. Yu Lwin Aung
Chairman
Social Security Board
Ministry of Labour
40. Ms Tin Tin Htay
Deputy Director
Department of Labor
Ministry of Labor

Thailand

41. Ms. Boonpam Nawarat
Foreign Relations Officer
Social Security Office
42. Ms. Sirirat Srichat
Labour Specialist
Benefits Bureau
Social Security Office
43. Ms. Anchalee Sintuphant
Department of Employment
Ministry of Labour

Viet Nam

44. Mr. Nguyen Quang
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Bureau of Employment
Ministry of Labour, Invalids and Social
Affairs
45. Mr. Tran Tuan
Director
Department of Unemployment
Insurance and State Labour
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Bureau of Employment (MOLISA)

International Labour Organization

46. Mr Jefferson Lawrence Johnson
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47. Ms Celine Peyron Bista
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and employment services in ASEAN
ILO Regional Office for Asia and the
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48. Ms Loan Ngo Thi
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building unemployment insurance
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ILO Country Office for Viet Nam
Hanoi, Viet Nam
49. Ms Lourdes Kathleen Santos
National Officer
ILO Office for the Philippines
Manila, Philippines

Appendix 3: Country Brief: Malaysia

Part I: Labour market situation and challenges

- ❖ **Economy and labour market key indicators (share of waged employment, unemployment rate and trends, youth unemployment, disaggregated data by sex, etc.).**
- ❖ **Persistent and emerging challenges.**

The overall picture of the Malaysian economy from 1985 to 2011 shows that during this period, the population increased by 81 percent from 15.8 million to 28.6 million, or an average annual growth of 2.3%.

Malaysia faced economic recession during this period: 1985-1987, 1997-1998 (Asian financial crisis) and 2009 (global economic meltdown). The worst GDP was recorded in 1998 with negative growth of 7.4%. Economy went into sharp decline that year with per capita income growth rate of negative 9.7%. The global economic meltdown in 2009 had caused negative GDP growth of 1.5%, but the Malaysian economy quickly shook off those difficulties and resumed its growth in 2010 and 2011.

While the unemployment rate had climbed to 5% in 1985 and exceeded 7% during the three ensuing years, from 1986 to 1988, the situation started improving in 1989 and by 1995 that rate had finally dropped below 4%, where it has remained ever since.

The overall labour force participation rate, for its part, generally ranged around 65 percent until 2003, but started to reduce thereafter, reaching a recent low of 62.7 percent in 2010. This was due to the reduction in labour force participation rates for men, from about 85 percent in the 1980s to 78.7 percent by 2010. The rate for women stayed relatively stable at around 46 percent. Amongst ASEAN countries, Malaysia had the lowest female participation rate. The country's tight labour market should represent an opportunity for women to improve their level of activity and economic standing, and thus contribute more strongly to Malaysia's vision of becoming a high-income country.

Women with lower education levels have especially low participation rates. It is expected that this gender gap will gradually be reduced, since the ratio of women to men graduates is reportedly at 60:40.

Overall, almost 90 percent of the labour force in Malaysia has Malaysian citizenship while about 10 percent are non-citizens and these percentages have remained fairly stable over recent years. Amongst Malaysian citizens, Malays rank first in number, representing about 47% of the labour force, persons of Chinese origin represent about 25% and Indians are 7%.

A detailed breakdown of employment by industry shows that manufacturing employment ranks in the first place with distribution of 16.9% followed by wholesale and retail trade, with distribution of 16.2% (and little difference between men and women). Agriculture still occupies a large share of workers, 13% in total and 16% amongst men – which is nearly twice the proportion observed for women. Construction follows at 9%, with only a small percentage of women being active in that group. The accommodation industry attracts a somewhat lower share of men than women, but this is especially observable in the education sector, a phenomenon which is common in most countries.

Based on special tabulations obtained from the Department of Statistics for the year 2010 and 2011, close to 70% or about 270,000 unemployed persons had previous work experience, and only 7,000 of the unemployed encountered long term idleness. Both of these findings are significant and suggest a positive outlook for their reintegration into the active workforce, as well as the perspective that an UI system could be of applicability in those circumstances.

Additional data indicates that the unemployment rate is not highly differentiated by sex, even if it has remained about 10% higher for women as compared to men. This should however be viewed in light of the fact that women have a much lower labour force participation rate, suggesting a significant degree of underemployment for them.

A group of prime concern are youth aged 15 to 24, since young adults struggles at finding and keeping employment can mark them for their entire career and maybe even prevent some of them from becoming fully productive and fulfilled members of society and of their communities. Since at least 2001, the unemployment rate amongst the youths of Malaysia has remained stubbornly high, at over 10% for both young men and young women. Similarly, youth unemployment constituted in 2010 no less than 60% of total unemployment, 57% for young men and 65% for young women.

These percentages have been gradually decreasing over time but remain quite worrisome. However, more encouraging is the fact that in 2010 only 4.5% of the total youth population were unemployed, counting both the participant and non-participant population. This time, however, the proportion is higher for young men than for young women (3.8%). But for both men and women this rate has decreased since 2001.

A last perspective on unemployment is gained by looking at the percentage distribution of unemployment persons according to their level of education. This shows that close to three quarters of job seekers have only primary or secondary education less than tertiary education, but that for out-of-work women an increasing proportion have tertiary education, reaching 35% in 2010. Further study would be needed to determine the reasons for this trend, which could relate for example to curricula, quality of education or societal factors.

Part II: Existing programmes to protect the unemployed

❖ National Economic and Social Plan, National Strategy on Social Protection.

As a developing country, Malaysia aims to achieve the status of a developed nation by 2020. The Malaysian economy has now been in a transitional stage for more than 20 years in an effort to industrialize; outward-oriented industrialization approaches has been a major thrust. In relation to trade, Malaysia has implemented two major policies: export-oriented and import substitution strategies.

In early 2010, the National Economic Advisory Council (NEAC) submitted a report proposing a New Economic Model (NEM) for Malaysia. That report highlighted the need for an unemployment insurance system in order to deal with the transformations required to support the country's vision of moving from a middle-income country to a high-income country by the year 2020.

In the report, a number of strategic reform initiatives were proposed that “emphasize high-skilled human capital, efficient public services, a reinvigorated private sector and equal opportunity for all Malaysians.” Regarding the development of human capital, NEM includes various policy measures that will contribute to increased flexibility in hiring and firing workers. To mitigate the impacts of the flexible hiring/firing rules, NEM also recommends enhancing the workers’ safety net through the introduction of unemployment insurance (UI) along with integrated employment services.

Following the publication of this report, the Malaysian government made public its support in principle of the unemployment insurance concept. The Performance Management and Delivery Unit (PEMANDU), an agency established in 2009 under the Prime Minister’s office, thus made the adoption of UI one of its policy objectives, within the Human Capital Development SRI (Strategic Reform Initiative) of the country’s Economic Transformation Programme. This was followed by one of the so-called “SRI Lab” sessions organized by PEMANDU, to address the design of a UI system. Its simulations indicated that a combined contribution rate of 1% of covered earnings should be more than sufficient to weather even the most severe recession for Malaysia, assuming a “typical” UI system paying a 50% benefit rate.

PEMANDU’s plans indicated that an enabling study would be conducted during 2012 in order to target the possible implementation of such a UI system in 2013. PEMANDU was also tasked with modernising the country’s labour legislation. This undertaking was also seen as crucial in order to adapt existing labour laws to the modern economy, in a holistic fashion, with “the dual objectives of reducing cost to business of labour management and ensuring effective worker protection”.

❖ **Legal provisions, such as severance pay, retrenchment benefits, etc..**

Up until 1980, there existed no statutory protection for employees who lost their employment, and any available compensation was limited to retrenchment agreements made under individual contracts or collective agreements.

The Employment Act of 1955 did not provide for minimum retrenchment benefits. Nor did the Code of Conduct for Industrial Harmony which, though it was agreed to by employers and workers in 1975 during difficult economic times, limited itself to specifying the manner in which retrenchments should be carried out. In 1980, the government adopted the current rules obliging individual employers to pay retrenchment benefits to any affected workers, by promulgating the Employment (Termination and Lay-Off Benefits) Regulations 1980, pursuant to Section 60J of the Employment Act 1955. However, these regulations only targeted low income workers, as the Employment Act itself still does not apply to higher income workers.

The minimum entitlement is indicated in the table below. Alternatively, more generous conditions can also be provided by employers, whether agreed to on an individual or collective basis. Incomplete years are prorated to the nearest month. Retrenchments here are those that occur in a redundancy situation, whether due to business closure, restructuring, reduction in production, mergers, technological changes, take-over, economic downturn or other similar circumstances.

Length of service	Minimum retrenchment benefits
Less than 12 months	None
From 12 months to less than 2 years	10 days per year of service
At least 2 but less than 5 years	15 days per year of service
5 years or more	20 days per year of service

These rules apply to all workers covered by the Employment Act 1955, namely all private sector employees earning up to RM 2,000 per month and all manual workers (and supervisors) irrespective of their wages. The key determinant for coverage is the existence of a contract of service, whether oral or in writing and whether express or implied, irrespective of the duration of contract. The earnings limit was RM 1,500 per month before April 1, 2012, and has been RM 2,500 per month in Sabah and Sarawak since October 1, 2005. Apprentices, part-time workers and foreign workers are covered but not domestic workers.

In addition to the above, laid off employees are entitled to advance notice if their employment is to be terminated, or pay in lieu of such notice, as depicted in the table below:

Length of service	Minimum notice period
Less than 2 years	4 weeks
From 2 to less than 5 years	6 weeks
5 years or more	8 weeks

❖ **Statutory unemployment insurance benefits.**

“Layoffs”, as defined in the Employment (Termination and Lay-Off Benefits) Regulations 1980, refer to situations where the employer does not provide work and is not remunerated for at least twelve normal working days within any period of four consecutive weeks. Such layoffs are deemed to have the same effect as retrenchments and must give rise to the same benefits. “Salary pay cuts”, on the other hand, are periods of non-work, reduced work or regular work when employees agree to receive lower wages, in exchange for not being terminated.

Voluntary Separations Schemes (VSS) packages are generally offered to a group of employees, usually many more than actually need to be terminated, leaving it to individuals within that group to choose to accept the employer’s offer or not. VSS packages can vary from employer to employer but, subject to meeting statutory minimums, could include: retirement gratuity, an ex-gratia payment in lieu of notice, payment in lieu of balance of annual leave, gratuity payment, housing or car loan repayment deferment, extension of staff purchase scheme, extended medical coverage and assistance, and maternity benefits to expecting female employees.

The main advantage of VSS is that the terminated employees will be much less likely to later claim that they were unfairly dismissed. Its main disadvantage is that it is usually more costly and that

employers must give up a measure of control over who will be terminated. There might also be a risk that the number of volunteering employees might not meet the employer's target.

❖ **Social assistance programmes targeting the unemployed and their families.**

The Ministry of Women, Disabilities, Social Assistance and Welfare manages programs that focus on gender equality, family and community development and assistance to the disabled and needy. Programs for the poor target the most needy individuals or households. The eKasih program was launched in June 2008 to identify the poor and reduce hardcore poverty incidence. Those eligible to apply are urban households earning less than RM 1,500 per month and rural households earning less than RM 1,000 per month. The 1Azam Programme was introduced to provide the extreme poor and poor with job opportunities through initiatives such as training and job placements.

The Ministry coordinates its work with SOCSO's return to work unit (RTW) to assist the disabled and a return to permanent work. SOCSO's RTW unit provides assistance to those who are injured but still capable of working to assist them to return to work as quickly as possible. The work and goals of the RTW unit are in many respects similar to those that would be intended under an UI system, and RTW officials seemed ready to take up any additional challenge and opportunity that the adoption of UI could bring.

❖ **Employment support programmes (PES, vocational training targeting at job seekers, Public Work Programmes, etc.).**

Jobs Malaysia provides an Internet portal where employers and job seekers can submit job vacancies and applications respectively. Jobs Malaysia also conducts job search and resume writing workshops to prepare job seekers for employment. In addition, they will carry out visits to schools promoting Jobs Malaysia to students and encouraging them to use the job portal. Visits are also made to encourage employers to post their vacancies on the job portal and job fairs or "carnivals" are held in collaboration with employers.

The services provided by Jobs Malaysia could prove beneficial to unemployed workers who receive UI benefits, while they actively look for work. Some problems have been identified with the listing of vacancies and these and other issues would need to be investigated before linking the UI system with Jobs Malaysia for employment search.

The unemployed have access to different training and retraining programmes while searching for a new job. One of the programmes is the Accelerated Skills Enhancement Training (ASET) which aims at supporting the development of specialized skills in a short period of time. The target groups of the ASET are unemployed graduates, retrenched workers and in-service employees, on condition that the training provider will provide an intent letter from a potential employer.

Part III: Current national debate to improve the protection of unemployed

❖ **On the introduction of statutory unemployment benefits?**

The majority of ministries/departments support the principle of a UI system but are concerned about its management and costs. For example, the Ministry of Finance positively supports the UI

concept but a good model is needed and they are concerned about the fiscal impact of a government contribution. They see the need for a cost/benefit analysis in relation to sustainability issues. However, they agree that a UI system would displace and thereby save some of the costs of other programs such as welfare. Overall, the following factors were indicated as some of those that are relevant to the UI discussion: Moral hazards, Tax Issues, Tax incentives/disincentives, Contributions/Benefits, Economic impacts and trends, Timing (introduction of minimum wage), Market based solution, Fiscal cost-benefit analysis.

The prevailing opinion amongst employers is one of concern, mainly about the extra costs that a new system such as UI could impose on employers. That concern is exacerbated by a number of factors, notably the phasing-in of the new minimum wage in Malaysia over the next year or so and the additional 1% employer contribution to the Employees Provident Fund that took effect in January 2012. The introduction of a minimum retirement age is also mentioned as a factor that employers will have to contend with.

MEF insisted on the higher costs of firing workers that prevail in Malaysia as compared to many other countries. Overall, employers worry about maintaining productivity levels along with their competitiveness. Related issues that are sometimes mentioned are those of worker absenteeism (for alleged medical reasons) and of job-hopping. Others have also argued that “people will begin to think they don't have to work hard any more, and worker productivity will suffer.”

Most employers felt that there was little need for an UI system in Malaysia in view of the country's low unemployment rate, though a few agreed with the idea of extending a helping hand to those who were unfortunate enough to lose their employment. In regards to UI as well as to retrenchment benefits, frequent opinion is that good employers should not have to pay for delinquent employers. The argument is also made that the unpaid amounts of retrenchment benefits are relatively small and do not require the imposition of an UI system nor of a retrenchment guarantee fund.

Other recommendations were to make retrenchment benefits a priority debt in cases of bankruptcy and to exempt all such payments from taxation.

While everyone agreed on the desirability of good governance, many employers also expressed fears about how any new UI system would be administered and whether its management would undertake high levels of building and infrastructure spending.

❖ **On adjustment to the existing unemployment insurance scheme?**

SOCSSO, EPF and HRDF each collect contributions from employers and workers but on a different earnings base in each case, as prescribed by their respective Acts. With the possible addition of UI contributions for employers/workers, many persons see the desirability of integrating all of the collection processes. Ideally, the creation of a single collection unit or agency would streamline those procedures, a concept that has been under review for some time by both PEMANDU and PEMUDAH (the taskforce charged with addressing bureaucracy issues in business-government dealings).

MTUC, a national trade union centre, has played an active role in the development of social protection for Malaysian workers since its inception in 1949. On the question of coverage, MTUC feels that all workers, irrespective of the type of contract, the economic sector (including domestic

workers) or the type of enterprise, should be covered by the UI system. They feel the self-employed should also in principle be covered but acknowledge there are problems in doing so concerning lack of infrastructure on registration, collection and enforcement. New labour force entrants should be covered after contributing for at least three months in the most recent 12 month period prior to their termination of employment. UI benefits should be linked to previous earnings. Also, regarding minimum and maximum insured earnings, there should be no ceiling relating to the earnings of a terminated employee.

In terms of contributions, MTUC states that it should be a tripartite arrangement with workers, employers and government paying premiums on insured earnings. It is their position that workers should contribute 0.5% of earnings and the employer's share should be no less than twice the rate of workers (minimum of 2%). However, they agree that a thorough assessment will be needed via an actuarial study. They also feel that the government should also contribute to the UI fund at the same rate as the employer as well as pay other administrative costs.

From an administrative point of view, MTUC feels SOCSO is in the best position to register employers, collect contributions, process the UI application for benefits and issue UI payments. They suggest a separate UI unit be formed within SOCSO to administer UI claims for benefit. From their point of view, MoHR should be in a position to implement, monitor and enforce the UI laws, policies and procedures of the new UI system. They feel the role of sectoral ministries such as agriculture and industry is to initiate proposals to extend the UI system to the informal sector.

They also commented on the need for alternatives or other necessary changes such as amendments to the Employment Act and initiating active labour market policies. In addition, it's suggested that more work and discussion was required on the parameters of the proper design of a Malaysian UI system.

❖ **On improvement of employment support services for the unemployed?**

The government emphasizes assisting the unemployed to return to work quickly through job placement and the development of skills training and other active employment measures. There are 10 ministries that oversee skills development including the Department of Skills Development (DSD) and the Human Resources Development Fund (HRDF). The government has established a skilled workforce target of 40% by 2020 (the current rate is 28%). Strategic partnerships could be established between the UI program and DSD and HRDF in order to provide unemployed workers with the opportunity to develop new skills or upgrade existing skills.

In terms of job placement, there would also be a need for strong linkages between Jobs Malaysia and the UI program to promote employment opportunities to unemployed workers. In addition, depending on the best fit UI program scenario, there could also be a need for further job assistance such as mobility assistance and job search or resume writing.

They also commented on the role of Jobs Malaysia and vocational training centres. It should be mandatory for Jobs Malaysia to update the registration of employers and all job vacancies. The role of vocational training centres is to provide training and retraining of all workers.

❖ **Others.**

Category	Benefits gained
Unemployed Persons & Families	<ul style="list-style-type: none"> • Reduced hardship and poverty • Better chance of finding suitable job • Reduced stress and health problems • Avoiding financial difficulties that can lead to family conflicts
Firms	<ul style="list-style-type: none"> • Productivity gains • Terminations easier to accept by employers and workers • “Sheltered” workforce during temporary layoffs • More stable economic and business environment • Less pressure in case of cutbacks or bankruptcy
Workers	<ul style="list-style-type: none"> • Security and reassurance • Reduced need for savings
Governments	<ul style="list-style-type: none"> • Economic stabilization during recessions • Higher tax revenues • Reduced costs of public assistance schemes • Reduced need for special government interventions
Society	<ul style="list-style-type: none"> • Social stability: reduced unrest, delinquency and crime

Some of the advantages of UI systems are depicted in the above table.

The parameters of the possible UI system for Malaysia cover the following aspects:

1. **Coverage:** all salaried employees who are employed for wages under a contract of service or apprenticeship with an employer, whether the contract is expressed or implied, oral or in writing, either for a fixed term or indefinite, should be covered; at issue are public servants (permanent/contract work), the armed forces, foreign workers, domestic workers, new entrants, self-employed, daily workers and part-time workers;
2. **Contributions:** at issue are tripartite, bipartite or employee-pay-all contributions, and possibly others; Option #2 raises the possibility of a phasing-in of the full contributions over a 4 year period; the issue of who pays for active employment measures is another issue;
3. **Reasons for Separation:** virtually all agree that those who involuntarily lose their employment (e.g. shortage of work, plant closure, economic downturn) should be entitled to receive UI benefits; at issue are voluntary leavers with just cause (just cause means there is a sense of urgency to quit, such as dangerous working conditions, serious cut in pay or moral/sexual harassment). The applicable conditions would have to be clearly specified in legislation and, if proven, the worker would be entitled to UI benefit;
4. **Qualifying Conditions:** virtually all agree that there must be a minimum period of contributions in order to qualify to receive UI benefits; at issue is the number of contributory months during a specified qualified period; virtually all agree that unemployed workers must register at an employment agency when they are separated from their employment and must be actively looking for and capable of working;

5. **Benefit Rate and Duration:** at issue is the amount of benefits to be paid and for how long; an interesting feature of option #2 is the increase in benefit duration for older workers and Option #4 provides an increased benefit rate for an unemployed worker with a dependent;
6. **Ongoing Entitlement:** virtually all agree an unemployed worker must continue to report to the employment agency while in receipt of UI benefits; at issue is when they should report to the office and what should be covered during the interview; another issue is unemployed workers finding part-time employment and whether or not it should be allowed and how to deal with the earnings resulting from the part-time work and its impact on UI benefits; a final issue is the refusal of suitable employment (need to look at what is considered suitable and whether good reasons will be acceptable for refusal the suitable employment); the number of refusals before suspending UI benefits will need to be addressed;
7. **Active Labour Market Policies:** at issue are what employment support measures should be initiated and whether or not those measures will be covered by the UI fund or otherwise;
8. **Governance:** who will administer the UI functions such as registrations of employers for contributions, collect contributions, register unemployed workers who lose their jobs, receive UI applications for benefits and answer enquiries regarding UI system, process UI applications and make UI payments; also at issue are management and monitoring of UI fund and reporting results of UI system to government and the public in a transparent way; most participants feel that one of the existing departments with expertise in contribution collection and processing applications for benefit should also be responsible for UI instead of setting up a new department.

Appendix 4: Country Brief: Myanmar

Introduction

Myanmar is a member of the Association of South-east Asian Nations and it is geographically situated at the strategic hub of the South-east Asian region. As the total population of Myanmar is over 60.38 million and the total area is 677,000 square miles, the population density is in ordinary condition in the South-east Asian region. Myanmar is regarded as a least developed country in the economic condition of the country. Thanks to poor domestic labour market, 10% of labour force is working in the ASEAN region as migrant workers. Due to political reforms since 2011, economic sanctions against Myanmar have been removed and potentials to receive again international assistances and grants are seen. Similarly, foreign investors and investments will be flowed into the country with momentum because the Foreign Investment Law was enacted on 2nd November 2012.

Part I: Labour Market Situation and challenges

According to 2011 statistics, it is found that the working age (15-59 years) population of Myanmar is about 37.44 million and the working population is 30.13 million. So, the unemployment rate is said to be 4%. Information on Labour Force is usually obtained from two sources: Labour Force Surveys and Population Censuses. The Labour Force Survey was conducted in 1990 by the Department of Labour, Myanmar with the assistance of ILO and UNDP. However, as a result of the sanctions of the ILO and developed countries against Myanmar and limitation of technology, experience, capacity, human resource and development, the Ministry of Labour, Employment and Social Security could not also do further Labour Force Survey after 1990. In this regard, the volume of labour force by sex and the rate of unemployment were projected on the basis of information collected in the 1990 Labour Force Survey.

Although the total labour force can be projected, characteristics of labour force such as labour force by education level, employed population by occupation and industry and employment status could not be projected. That's why, it is concluded that the reliability of the above data is rather small. Nowadays, measures are being taken to conduct the population census of Myanmar in 2014 with the assistance of UNFPA and following the population census, the Labour Force Survey would be conducted in 2015-2016 based on the outcomes of the census.

The name of the Ministry of Labour of Myanmar has changed into the Ministry of Labour, Employment and Social Security on 10th November 2012. The Ministry of Labour, Employment and Social Security has established 77 Labour Exchange Offices in districts and townships throughout the country and measures are being taken for Myanmar nationals at working age to enjoy decent work opportunities in local and abroad. Concerning overseas employment, the Ministry of Labour, Employment and Social Security is taking the activities in accordance with the Law Relating to Overseas Employment promulgated in 1999. Up to 2012 October, about 1.3 million of Myanmar workers have been legally dispatched abroad for work. The types of job engaged by Myanmar workers abroad are commonly found as general workers mostly in construction, gardening, livestock breeding, fisheries and manufacturing industries. So, it is required to enhance the skill levels of these workers.

Nowadays, the Foreign Investment Law was enacted in Myanmar. As Myanmar has invited foreign investments, job opportunities will be increased accordingly. The provision that local professionals

are entitled to enjoy same remuneration and facilities as foreign professionals is made in this Law. Besides, deep sea port projects and special economic zone projects are being implemented so, local employment opportunities would be more transparent and increased.

The Ministry of Labour, Employment and Social Security of Myanmar is working together with Singapore Polytechnic International with the signing of Memorandum of Understanding (MoU) for enhancement of the skill standard of Myanmar workers taking phase approach for the establishment of National Quality Assurance System and Myanmar workforce skill development. Thus, measures on providing training courses for competency based curriculum development for priority occupations relevant to the labour market and establishment of approved training centres and accessing centres for National Quality Assurance System have been focused to generate skilled workers in Myanmar in timely manner.

The Ministry of Labour, Employment and Social Security of Myanmar is currently developing a National Plan on Myanmar Workforce Skill Development with a view to providing skill training for workforce relevant to advanced technology and ensuring job opportunities, the Employment and Skill Development Law (Draft) has been finalized and submitted to Hluttaw (Parliament) for the enactment of the legislation.

While the concerned ministries are taking measures in order to achieve the objectives of ASEAN Economic Community 2015, the Ministry of Labour, Employment and Social Security is also taking efforts for the participation of Myanmar skilled workers in the free flow of skilled labour of ASEAN by 2015. For that purpose, National Skill Standard Authority (NSSA) of Myanmar has been formed since 2007 and under the guidance of the NSSA, 173 occupational competency standards have been drawn by the respective ministries, organizations and experts. In doing so, 14 Occupational Competency Standards Committees have been formed to study regionally and globally recognized skill standards to draw up own occupational competency standards as standardized ones and to harmonize them with regional and international standards.

Part II: Existing Programmes to Protect the Unemployed

National Comprehensive Development Plan (2011-2030) of Myanmar is being drafted in a 20-year long term perspective including sector development frameworks. In the part of economic growth and job creation, policy and institutional arrangements on private sector participation in national economic activities and strategies for the development of Small and Medium Enterprise, labour market development, priority policy reforms and programmes have also been adopted in the strategy for Manufacturing Development Part. Sequencing of actions and programmes under strategies for respective sectors is the short-term (2 years) and the medium-term (5 years). For Social Development Part, Education and Vocational Training is included in it. Review of the current situation, Policy and Institutional Reforms Priorities and Indicative Programmes, Existing Policies and legal framework for Social Protection, Policy Options and Strategies, Priority programmes are also included and currently, it is in the process of drafting.

As the Social Security Act was enacted in 1954 and it was entered into force in Myanmar since 1956, the length of time that the social security scheme has existed is now over 56 years. Insured workers are entitled to enjoy temporary disability benefit, permanent disability pension and survivors' benefit in times of sickness, maternity, death and employment injury in this 1954 Social Security

Act. The Social Security Scheme practiced in accordance with this Law primarily carry out the activities on health care for insured workers.

To be able to provide health care for insured workers, 3 Workers' Hospitals and 92 social security clinics have been established throughout Myanmar. 77 social security offices have been set up all over the country for taking measures on providing cash benefits and administering other social security measures. As activities have been undertaken as stated, currently, about 600, 000 workers are covered under the social security scheme.

It was found that there are weaknesses in the present situation compared to the social security schemes of neighboring countries. It was also found that the Social Security Act 1954 was not in line with the international practice in addition to inconsistent with the ILO Convention. As such, efforts have been taken for drawing up a new legislation since 2008. In doing so, a Social Security Law which will be harmonized with the conditions of the country has been drafted by local social security experts and lawyers after taking these measures on studying related ILO Conventions and social security laws of over 40 countries.

The 2012 Social Security Law was enacted on 31st August 2012 signed by the President of the Republic of the Union of Myanmar after it has been approved by the various Hluttaws (Parliament). In this new Law, invalidity, old age pension benefit, survivors' benefit and unemployment benefit systems have been introduced based on international practice. In addition, social security housing plan for insured workers has also been introduced.

The unemployment insurance system introduced in the new Social Security Law provides cash benefits to workers who are currently paying contributions under the unemployment insurance system and who involuntarily become the unemployed due to various reasons. It cannot still cover all people who are at their working age but they are not employed yet. However, measures will be taken phase by phase with a view to providing support to all the unemployed depending on the national economic development and adequacy of funding of the social security scheme.

The requirements for enjoyment of unemployment benefit under the existing Social Security Law are that an insured person must fulfill 36 months' of contributions and must be covered under the following facts:-

- (a) being unemployed caused by removal from work without resigning voluntarily or termination of employment due to permanent closure of work;
- (b) those who are dismissed as a punishment in relation to work, not for those who are dismissed due to abuse, breaking civil servant regulation and failing to obey workplace disciplines;
- (c) those who are in good health and can work and having willingness to work; and
- (d) Those who are registered as the unemployed at the concerned Township Labour Exchange Offices in line with the specifications and report to the Township Labour Exchange Offices and township social security offices once a month as the unemployed.

Rules are now being drafted for the implementation of the new 2012 Social Security Law. In these rules, the total contribution to be paid under the unemployment insurance system would be 2% of the employee's salary including 1% by an employer and 1 % by a worker respectively. The insured

worker shall be entitled for unemployment cash benefit up to 2 months (60 days) after he would have completed the qualifying period of 36 months' contribution.

In spite of the completion of an insured worker's qualifying period of 36 months' contribution, if he, who has never enjoyed unemployment benefit before, becomes an unemployed person after he has paid his contribution for more than 48 months, an insured worker would be entitled to unemployment cash benefit up to 3 months (90 days). If an insured worker who has never enjoyed unemployment benefit before although he has completed the qualifying period of contribution up to 48 months, become an unemployed person after he has completed the qualifying period of over 60 months, the insured worker would be entitled to unemployment cash benefit up to 4 months (120 days).

In this way, if an insured worker, who has never enjoyed unemployment benefit before while he has completed the qualifying period of 72 months' contribution, becomes an unemployed person after he has completed the qualifying period over 84 months' contribution, the insured worker shall be entitled to unemployment benefit up to 6 months(180 days).

If an insured person has enjoyed unemployment insurance benefit one time, he will be allowed to further enjoy unemployment cash benefit as stated in the above paragraph 9 and 10. An insured person who has never enjoyed an unemployment benefit before shall be entitled to collectively enjoy the total entitled duration of unemployment benefit. However, the total period to be enjoyed for one time would be allowed for 6 months (180 days) in maximum.

A specific thing which will be practiced by Myanmar is that if an insured person would not be an unemployed throughout his service, he will be entitled to enjoy the amount of 20% of his paid contribution and an employer also will be entitled to enjoy the amount of 20% of his paid contribution if he has never dismissed his worker. By practicing this specific thing, it is expected to get benefits like a worker not wishing much to enjoy unemployment cash benefit and an employer not wishing to retrench the number of his workers from work.

The unemployed are entitled to acquire skill training required for getting a new job or get access to arrangements made for enabling required skill training and employment services in terms of finding new jobs through public employment centers. Moreover, if an unemployed person is married, it is considered to monthly pay the cash benefit amounting to not more than 10% of unemployment benefit to that person depending on his dependants according to the new Law.

An unemployed person shall have health care entitlements in case of sickness, pregnancy and maternity, free medical care and cash benefits. Besides, if the insured person is dead during the period of his unemployment benefit, he has a right to enjoy funeral grant according to the specifications.

Part III. Current national debate to improve the protection of unemployed)

The measures to protect the unemployed have been stated in the above. Myanmar does not have the existing unemployment insurance system. The new Social Security Law was promulgated to introduce the unemployment insurance system in the future and measures are being taken to introduce the new Law in October/November in 2013. Arrangements are being made on the following activities with a view to systematically manage new insurance systems which will further be introduced within one year in the future and benefits for insured workers:-

- (a) Extension of the organizational set-up of the Social Security Office to be in line with the international standard and appointment of qualified new staff in the vacancy of the new set-up;
- (b) Providing trainings on Social Security to the new staff, enhancing their capacities by sending them to seminars which will be held at home and abroad;
- (c) Developing computer programmes in order to make computerized control for systematic management of increased new tasks;
- (d) Putting data on registered establishments and workers' profiles in developed computer programmes and using these data as test run;
- (e) Changing the existing Social security identity paper card into readable electronic card, making arrangements on entitlements of health care and social security benefits all over the country by these electronic card holders;
- (f) Upgrading the present Workers' Hospitals and social security clinics;
- (g) Sending the medical doctors, nurses and health care personnel working at the Social Security Board abroad for training with the assistance of ILO and international organizations; and
- (h) To organize and provide awareness for all including workers, employers and government responsible personnel to understand that the Social Security Scheme is a scheme which is carried out for the assurance of workers' life in one hand and contributing the interest of employers in the other hand and it plays an important role for the national economic development and stability of the state as well.

The meetings on the implementation of other new insurance systems including unemployment insurance system introduced in the new Social Security Law were held in Yangon on 17 September, 16 October and 5 November and in Mandalay on 26-27 October respectively and representatives of concerned Ministries, employers' and labour organizations, Hluttaw representatives and civil societies participated in the meetings. Moreover, the ILO Social Security Expert from Bangkok office in Thailand was invited to make suggestions on the implementation of the new Social Security Law at the discussion which was held from 8 to 9 November.

Part IV: Challenges

The present difficulties in implementing the Social Security Scheme are:-

- (a) As the employers of small and medium sized enterprises who produce export items, earn less profit due to economic sanctions against Myanmar, adequate remuneration are not able to be paid to workers. As a result of it, these employers are avoiding from paying social security contributions;
- (b) If it is inevitable, these employers claim the number of their employees which is less than the number of workers being employed;
- (c) If employers could not state the smaller number of their employees than the actual number, they paid a reduced amount of social security contributions by submitting the fewer amounts of their employees' salaries than the actual amount;

- (d) As workers do not understand that the social security scheme is for their interest, they don't want to pay contributions;
- (e) Since the total amount of employer's contribution is 2.5% of the employee's salary accounted for 1.5 % under the Health and Social Insurance System and 1% under the Employment Injury Insurance System and the employee's contribution is 1.5 % of his salary under the Health and Social Insurance System. Thus, the total amount of employer and employee contribution is 4% of the employee's salary and it is rather small compared to international rates of social security contribution;
- (f) Difficulties can be occurred for employers and employees because more contributions must be collected under the DOS Insurance System and unemployment insurance system according to the new Social Security Law;
- (g) It is needed to obtain financial and technical assistance in undertaking activities such as publishing and distribution of pamphlets and wall-posted advertisements, shooting awareness raising TV programmes for mobilization and providing awareness for all namely, workers, employers and the responsible personnel of the Government to fully understand;
- (h) It is also required to gain financial and technical assistance for training rooms, training venues and training facilities for providing training to the staff in order to enhance the capacity building for them; and
- (i) It is obliged to get financial assistance for installation of computers and their related accessories at the Social Security Headquarter, Township Social Security Offices, Workers' Hospitals and all Social Security Clinics in order to implement the computerized system for office.

Conclusion

In conclusion, Myanmar is taking an important step in order to introduce an unemployment insurance system harmonized with national conditions under the current political and economic situation of the country. It is stated that we warmly welcome necessary advice and technical and financial assistances to be provided for encouraging this initiative.

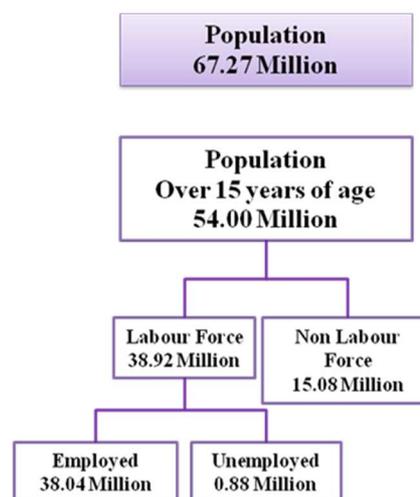
Appendix 5: Country Brief: Thailand

Part I: labour market situation and challenges

Economic and labour market key indicators

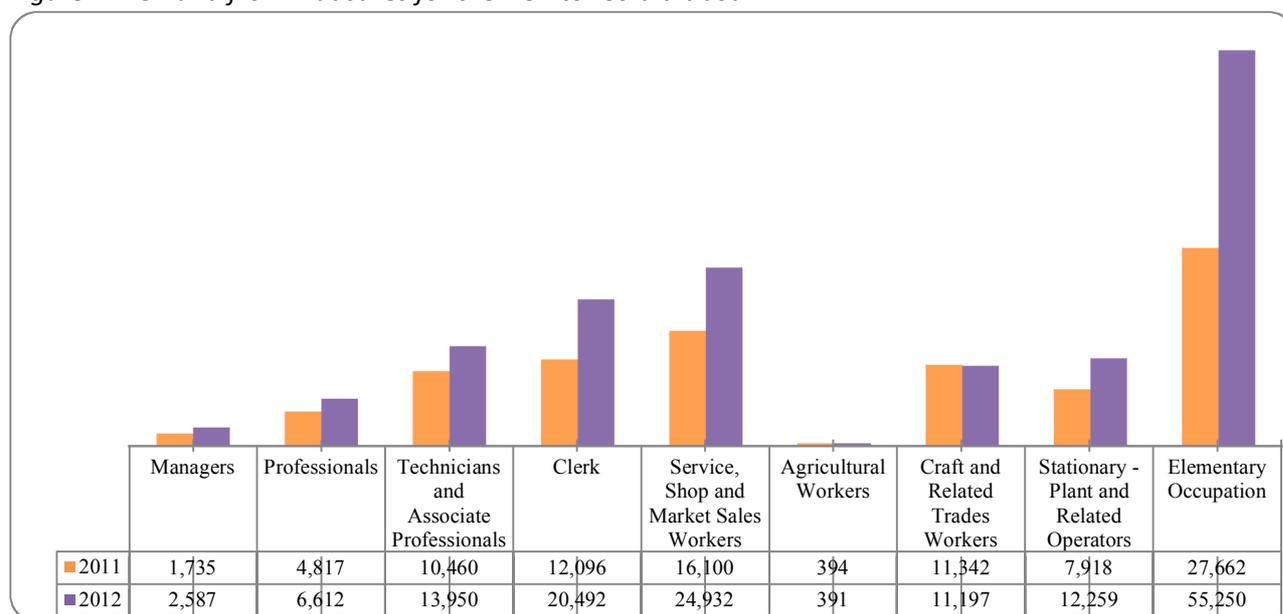
The total population of Thailand is just over 67 million people, comprises of 54 million people in working age, the group is categorized into the labour force of 38.92 million people in which 38.04 million people are employed. To this, the employment in service sectors has the highest employment increase rate. This suggests the changes in our labour structure, signaling growth in service industries and the demand for semi-skilled labour to slowly replacing the major labour force of unskilled agriculture-related labour force. The non labour force comprises of domestic workers and students, etcetera; which totals to 15.08 million people.

From the statistics collected by the Labour Market Research Division, the demand from industries for the Department of Employment to recruit labour is 153,243 positions in May 2012. Compared to last year, the number has increased by 55,146 positions or 59.60 percent. The shortage of unskilled labour is shown clearly in the figure below, where the demand for elementary occupations, which requires mostly unskilled labour has virtually doubled. The demand for semi-skilled workers in the service sector, such as shop and market sales, clerks and technical workers has also risen by 54.86 percent, 69.41 percent and 33.37 percent respectively.



Source: Labour Market Research Division, Thailand

Figure 1: Demand from industries for the DOE to recruit labour

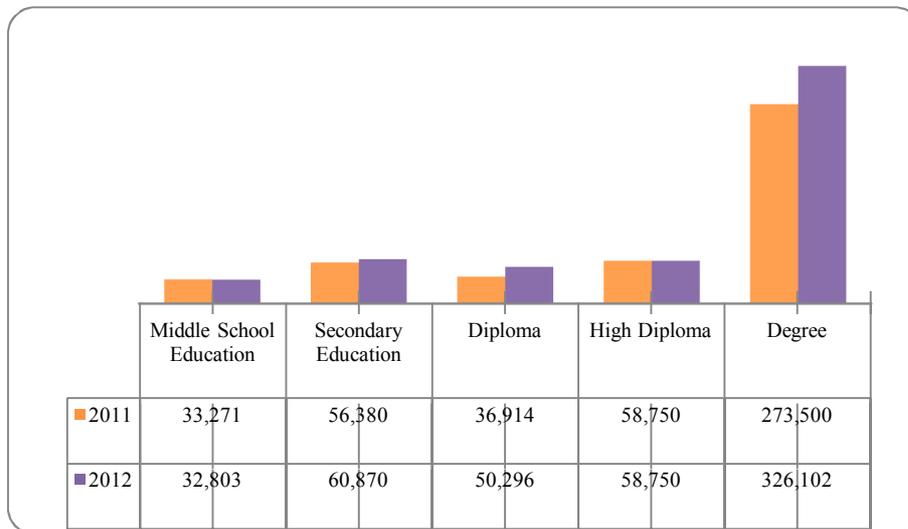


Persistent and emerging challenges

On the other hand; shown in Figure 2, new labour entering the market in 2012 totals 528,821 people, from which 326,102 people obtained, at least, a bachelor degree. The smallest group entering the labour market is the group with a middle school education level, totaling just 32,803 people. Unskilled and semiskilled labour is in the highest demand, but the country's surplus supply is

graduates. Because of this, Thailand faces the challenge of unskilled and semi-skilled labour shortage.

Figure 2: Labour supply: categorized by education level



One reason for the shortage of unskilled labour stems from the degree-oriented culture in the country. However, the main reason is the changing structure of its population; Thailand, similar to many other countries, moving towards becoming an old age society. To date, the country is reaching to seven million old age population, totals to almost 10 percent of the total population; moreover, the number is estimated to increase to approximately 25 percent in the year 2030. Another reason is the nation’s economic growth that affects the demand of labour directly, especially within the production sector.

Part II: Existing programmes to protect the unemployed

Employment support programmes

As mentioned in Part I, unemployment rate in Thailand is low. However, the country is now facing labour shortage. The cabinet has approved the development of the “Committee for Solving Labour Shortage” with the Ministry of Labour as the head of the Committee. The committee comprises of executives from relevant government sectors, representatives of employers and employees totaling of 30 people. Empowered to specify measures in solving labour shortage problems to present to the cabinet. As well as coordinates, monitors and evaluates the activities carried by the relevant bodies. The Committee has issued two initial measures. First, to “increase labour participation” both quantitatively and qualitatively by encouraging unemployed, old age, disabled and foreign workers to join the labour force. The second measure is to “increase labour efficiency” in order to increase productivity by focusing on improving skills and efficiency, increase the use of technology and develop a better internal and logistics process.

For the first measure, the Department of Employment is providing employment services through various channels to increase labour participation such as publicizing labour market information to job seekers throughout the country and creating proactive activities such as:

- Job Fairs: includes of Small Job-Fair, Large Job-Fairs and IT Job Fairs:

Small Job-Fair

- Employers attend the fairs for recruitment
- Held in every provinces and area offices (in Bangkok)
- Held approximately once a month

Large Job-Fairs

- A large number of employers attend the fairs for recruitment
- Self-employed career illustrations
- Held in provinces or area offices that is densely located in industries and education institutions

IT Job Fairs

- Using technology to provide employment services for more than 21 IT Job Fairs held countrywide.
 - Job-seekers can register and upload CVs on the system so that on the Job Fair day, job-seekers may interview with employers without any documentation delay
 - May be recruited at the spot or employers may collect job-seekers information for future consideration
- Internet Employment Service Via www.doe.go.th, so called “E-Job”
 - Employers and job-seekers register on the internet
 - Employers announce available positions
 - Job-seekers search for available positions
 - Employers search for applications
 - Proactive-Job-Vacancy-Seeking Approach
 - Planning to visit employers
 - Informing employers through documentation
 - Focal contact should be Head of Section
 - Visits www.boi.go.th for available job vacancies (of industries recruiting employees via the Board of Investment)
 - Mobile Employment Units:
 - provides mobile services to the rural and distanced areas with fully-equipped mobile vans.
 - Employment for Vulnerable Groups:
 - provides employment services especially to vulnerable groups (risked to being trafficked, abused and taken disadvantage of)
 - 24 hr. Labour Protection Service at Mochit Bus Terminal and Hualampong Train Station; which are the areas where labour from distanced provinces arrive seeking for work.

The Department of Employment aims to reach out to as much job seekers in the country as possible, by expanding offices to cover all parts of the country to provide conveniences to job seekers. To date, the Department of Employment has opened offices as follow:

- E-Job Center at the Ministry of Labour
- Bangkok Employment Area Office 1-10
- Provincial Employment Office: 76 Provinces

For the Second Measure, to “Increase labour efficiency”, the Ministry of labour, Department of Employment, the Department of Skill Development, as well as private sectors coordinate to provide essential trainings for both unskilled and semiskilled labour by using the Department of Skill Development Training Ground.

In case of being unemployed, the employee in industrial/formal sector be able to get unemployment benefit which is the latest among seven types of benefits under Social Security Scheme. This scheme administered by Social Security Office. Before the 1997 crisis; Thailand had paid no attention to unemployment insurance, assuming that it would be far too costly to implement. It was only when the country was hit with massive unemployment after the crisis that policy maker finally recognized the need to set up the framework for an unemployment insurance plan. For several years, Thai workers have been campaigning for an unemployment insurance scheme. Then, after the long attempts since 1999, on 28 April 2003, the Cabinet approved in principle the draft Royal Decree to incorporate unemployment insurance into the social security scheme as of January 1, 2004.

Statutory unemployment insurance benefits

According to Social Security Act, the conditions and regulation of the unemployment insurance are as follows:

1. Contributions

The contributions collecting started since 1 January 2004 at the rate of 0.5% of wages for employers and employees and 0.25% for government

2. Benefits

Qualifying Conditions

An employee who is an insured person shall be entitled to unemployment benefits provided that the such employee had paid contributions for a period of not less than six months within a period of fifteen months before becoming unemployment and meets the following conditions:

(1) being able to work, being ready for suitable job as provided, having no objection to job training and having been registered with the Government Employment Service Office at which his or her presentation is frequently required for not less than once a month;

(2) the unemployment of an insured person is not caused by

- performing duty dishonestly’
- intentionally committing a criminal offence against the employer’
- intentionally causing damage to the employer,
- seriously violating work regulations or rules or lawful order of the employer,
- neglecting duty for seven consecutive days without reasonable cause,
- causing serious damage to the employer as the result of negligence,
- being imprisoned by a final decision except for an offence which has been committed by negligence or a petty offence; and

(3) not being entitled to the old-age benefits.

Regulation and rate of unemployment benefit payment

1) An insured person will receive cash benefits as follows

(i) **laid off** insured persons will receive **50% of wages for not more than 180 days** within 1 calendar year; and

(ii) the insured persons who **quit** their job **voluntarily** will get **30% of wages for not less than 90 days** within 1 calendar year.

In case where the insured persons receive cash benefit according to (1) and (2) more than once within 1 calendar year. It will be counted as accumulation days not more than 180 days

2) An insured person shall be entitled to unemployment benefits on and after the eighth day as from the date of becoming unemployment with the last employer in accordance with the rules and rates prescribed above;

3) Benefit payment will be paid monthly and will stop if the insured persons return to work; and

4) The insured person has to submit a claim within 1 year from the date of entitlement.

Operational Activities

(1) Social Security Office

- collect contribution and record contribution data
- receive claim
- check contribution history
- examine employment history and termination
- check current job seeking activities/reporting (jobseeker registration, not deny suitable job, report themselves at the appointment date)
- check previous training history/training for career change
- adjudication/arrange payment of benefit
- data entry to online system

(2) Department of Employment

- registration of the unemployed insured person for job placement
- interview, provide counseling, record employee skills/qualification, reason for employment termination
- seek for recruitment/job seeking registration (in case no vacancy)
- make appointment for reporting of the beneficiary
- transfer to Department of Skill Development in the case where the insured person need skill training
- provide job placement service to the IP who finish from Department of Skill Development
- record data online

(3) Department of Skill Development

- consider and develop training course for the unemployed
- registration of IP applicants for training
- notify the result of training of the unemployed
- data entry to online system

(4) Department of Labour Protection and Welfare

- check industrial disputation between employers and employees in case of unfair lay off
- data entry to online system

Part III: Current national debate to improve the protection of unemployed

On improvement of employment support services for the unemployed

The Tri-Thep Center Programme

The programme is initiated for providing greater employment services to general job seekers, disabled, students, workers returning from overseas, etc. As well as to complete income enhancement and supports life career development; which includes preparing job seekers to be ready to work both physically and mentally. The Centers main functions are to:

- Provides in-depth career guidance
- Contact potential employers for available positions
- Present qualified and competent unemployed workers to employers for job placement consideration

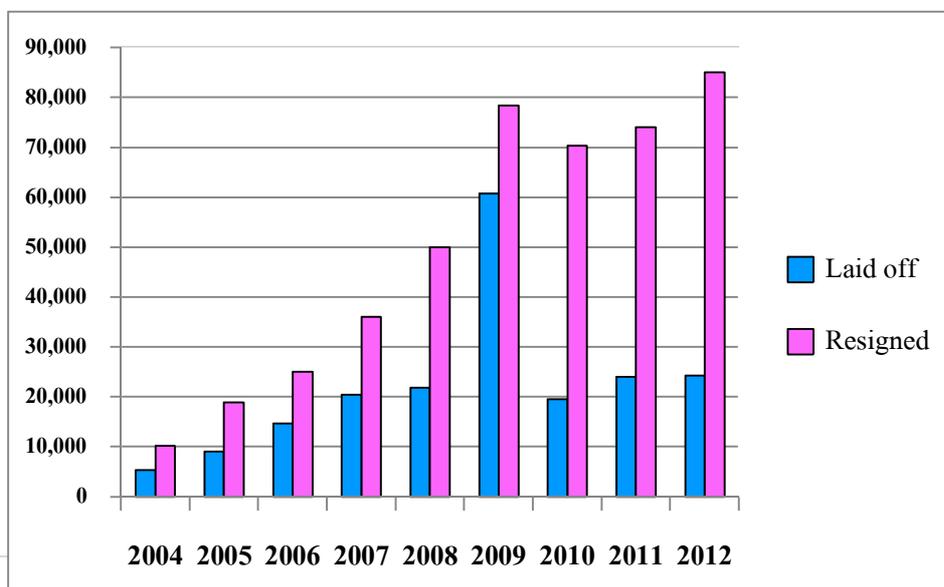
The programme started in 2012 and has launched 20 pilot Centers, 3 in Bangkok and 17 in the regions:

- Bangkok Employment Area Offices: 4, 6 and 9
- Provincial Employment Offices: Patumthani, Nakorn Pathom, Samut Sakorn, Samut Prakarn, Rayong, Ayutthaya, Phitsanulok, Nakorn Ratchasima, Konkaen, Ubonratchatani, Nongbualampu, Lampoon, Chiangmai, Chiangrai, Phuket, Songkla, and Narathiwat

Operational adjustment on UI during the Economic Crisis and Flood Situation

After launching the UI in Thailand in 2004 with the aim 1) To assist the unemployed insured person to receive sufficient salary during unemployment and 2) the unemployed insured persons will receive cash benefit, employment services and skill development services to reenter to work as soon as possible.

Figure 3 : Number of the unemployed during 2004-2012 classified by type of claim



In 2008, Thailand faced with the financial crisis that caused the high rate of unemployment in labor force. The Thai government initiated the extension of unemployment compensation period for the laid-off workers from 6 months to 8 months. Therefore, Ministerial Regulation covering unemployment benefits was issued in June and took effect on temporary basis. Under the regulation allows employee who have paid into social security fund prior to being laid off are entitled to special unemployment benefits if they were laid off during the economic crisis, or between 1 December 2008 to 31 December 2009, at the rate of 50 % of their daily wages. The benefits will cover only 240 days. Although this measure could alleviate financial burden of at least 60,767 beneficiaries who had been laid off during the crisis, there was an argument on the responsibility of benefit payment, employment services and skill development should belong to one agency.

The latest experience on flood situation in 2011, the SSO considered various kinds of measure to support the flood victim starting by collect information of impact on Fund Security for policymaker decision making. While the government pay for housing compensate, insured persons and employer under SSF got support through the following measure:

- Contribution Rate reduction/ Period Extension for contribution
- Extend period for applying & contribution for the voluntary (39)
- Mobile unit for medical services
- Facilitate reimbursement for IP
- Renal Failure facilitation
- Facilitation for Unemployment IP
- Period Extension for Benefits Claim
- Loan for Employer and employee

Comparing to the benefits paid for the laid off in 2009, the payment is three times less in 2011.

Since UI in Thailand has been launched on the crisis basis, then the current model has been adjusted in the existing scheme of social security that covers the industrial sector. We do recommend that UI should start during the time of normal economic situation so that when the crisis comes, the unemployed can enjoy the benefit at the time that they need most.

Appendix 6: Country Brief: Viet Nam

Viet Nam pays a lot of attention to develop and implement its Unemployment Insurance policy. The policy is stipulated in the Social Insurance Law No. 71/2006/QH11 adopted by the National Assembly of the Socialist Republic of Vietnam, XIth Legislature, 9th Session on June, 2006; Decree No. 127/2008/ND-CP dated December 12nd 2008 of the Government providing guidance for the enforcement of relevant stipulations of the Social Insurance Law on Unemployment Insurance; and the Circular No. 32/2010/TT- BLDTBXH dated 25 October 2010 of the Ministry of Labour - Invalids and Social Affairs guiding for implementation of a number of Articles of Decree No. 127/2008/ND-CP dated 12 December 2008 by the Government.

The unemployment insurance policy came into force on 1st January 2009.

Although, the implementation of UI policy is quite new to Viet Nam, UI have showed the positive and direct impacts on employees, employers and social protection issues in general. UI policy aims to replace a part of incomes which was reduced since the workers lost their jobs; more importantly, to provide the vocational and job placement service for worker to enable them to return quickly to labour market. In addition, the insured who are qualified to receive UI benefits are covered by health insurance while being unemployed.

I. AN OVERVIEW OF UI POLICY

1. UI coverage

- The employee: Vietnamese citizen working with employers under the definite term or indefinite term of labour contracts, work contracts from full 12 months to 36 months.
- The employer: Employing 10 or more employees in the following undertakings, agencies and organizations

2. Contribution of UI Premiums

- 1% of the monthly salary or wage covered by UIPs paid by employee;
- 1% of the monthly payroll covered by UIPs paid by employer. Monthly, the employer shall pay unemployment insurance premium based on the monthly payroll of his/her employees as stipulated and deduct an amount of employee's salary to pay them all at once into the unemployment insurance fund;
- Monthly, the State shall provide a budget that is equal to 1% of the monthly payroll covered by UIP and annually transferred.

3. Qualifying conditions

The insured person shall be entitled to unemployment insurance benefits when he/she meets all three qualifying conditions as follows:

- Having paid unemployment insurance premium for full 12 months or more within 24 months prior losing his/her job or terminating his/her labour contract as stipulated by law.
- Having registered with the Employment Service Center under the Department of Labour-Invalids and Social Affairs at provincial level, cities under the central management, when he/she loses his/her job or terminates his/her labour contract or working contract.
- Having not yet found a job after 15 days from the date of the registration with the Employment Service Center at district level as stipulated by law.

4. UI schemes

- Unemployment allowance:
 - + A level of monthly unemployment allowance shall be equal to 60% of the average of monthly salaries or wages covered by unemployment insurance premiums (UIPs) of six months immediately prior losing his/her job or terminating his/her labour contract as stipulated by laws.
 - + Duration for monthly unemployment allowance shall depend on periods of time covered by unemployment insurance premiums of the insured person:

Duration for monthly unemployment allowance	Periods of paying unemployment insurance premium
3 months	Having paid UIPs for full 12 months to less than 36 months
6 months	Having paid UIPs for full 36 months to less than 72 months
9 months	Having paid UIPs for full 72 months to less than 144 months
12 months	Having paid UIPs for full 144 or more months

- Vocational training support
 - + The insured person shall be entitled to the vocational training support provided by vocational training establishments, but may not receive money to get the vocational training on his/her own;
 - + The vocational training support level for a labourer is equal to the cost for short-term vocational training under the law on vocational training;
 - + The vocational training support period depends on the training period for each labourer, but must not exceed 6 months.
- Job seeking support

+ A labourer on unemployment allowance shall be entitled to the job consultation and services free-of-charge provided by Employment Service Centers;

+ The Period for a labourer to receive job consultation and services starts from the date when they receive monthly unemployment insurance and does not exceed the period they are on unemployment insurance as stipulated.

- Health insurance

+ People on unemployment insurance are entitled to the health insurance regime;

+ The social insurance organization shall pay health insurance premiums for people on unemployment insurance.

5. Suspension of the unemployment allowance

Workers on unemployment allowance shall be suspended from the unemployment allowance in case of not notifying monthly the Employment Service Center of his/her job-searching efforts or being put in temporary detention.

6. Continuation of the unemployment allowance

The suspended cases of the unemployment allowance shall continue to be entitled to the unemployment allowance in following cases:

- Report monthly to the Employment Service Center about his/her job-seeking efforts;
- After being released from the temporary detention.

7. Termination of the employment allowance

Workers on unemployment allowance shall be no longer entitled to the unemployment allowance in following cases:

- The monthly unemployment allowance's duration expires;
- Getting a new job;
- Being called up for military service;
- Being on the old-age pension;
- After two times of refusing a new job that is introduced by the Employment Service Center without plausible reasons;
- Not notifying monthly the Employment Service Center of his/her job searching within three months continuously;
- Settling overseas;
- Serving a decision on application of administrative sanctioning measure at a reformatory, educational institution or healthcare establishment or being in imprisonment but not suspended sentence;

- Being dead.

A lump-sum allowance: workers on unemployment allowance or in military service shall receive a lump-sum allowance equal to the total unemployment allowance amount for the remaining period during which he/she is entitled to unemployment insurance.

II. UI SCHEME IMPLEMENTATION

I. Collection of UI premium

The number of UI members has increased rapidly over the years, in particular:

- In 2009: 5.993 million labourers joined the scheme with total contribution of VND 3,510.7;
- In 2010: this number reached 7.206 million labourers, increased by 20,2% comparing with it as 2009, and total contribution was VND 5,400.3 billion;
- In 2011: the number increased to 7.931 million people, 10,1% higher than it of 2010 and accounts for 78.7% of overall SI contributors. The revenue of the year reached VND 5,730.3 billion, increased by 6% from this figure of 2010.
- In 2012: The number of participants remained around 8.105 million during the first 9 months of 2012 with total contribution of about VND 4,694 billion

2. Receiving unemployment registration and settlement of UI claims

According to the reports gathering from provinces, overall situation of UI performance can be summarized as follows:

(Unit: person)

Order	CONTENTS	2010	2011	First 10 months of 2012
1	Number of cases made unemployment registration	189,611	333,305	424,204
2	Number of cases received decision to enjoy UI benefits	156,765	289,181	354,256
3	Number of cases with lump sum allowance	2,910	1,529	17,625
4	Number of cases received job seeking services	125,562	215,498	263,837
5	Number of cases with decision on vocational training grant	270	1,037	3,516

3. Payment of UI benefits and the balance of the Fund

UI payments: UI payments started from January 1st 2010 via different channels (either by commune network of SI; agents of SI; ATM or post office – piloting in HCM city) and here are the results:

In 2010: according to VSS reports, a total of VND 460 billion has been spent for UI allowance;

In 2011: From the same source of report, total spent of 2011 for UI benefits was VND 1,227 billion, making an increase of 166% comparing with this figure of 2010, in which VND 1,024 billion was used for UI allowance.

In first 7 months of 2012: VND 1,059 billion has been spent on UI allowance.

Fund balance and financial projection: by the end of May 2012, the fund has a surplus of VND 16,537 billion. From our point of view, the recent provisions of UI contribution rates and benefit regimes seem to be reasonable to assure the fund integrity in the long run.

III. REVIEW OF UI PERFORMANCE

1. Achievements:

- In general, the issuance of legal documents and supporting guidance has been timely, adequately and responsively made to facilitate the implementation of premiums collection, claims processing and payments of UI benefits. All instructions developed are highly compliant to and well supported by the relevant laws and regulations.
- All provinces have well prepared to make appropriate facilities and personnel available to implement UI policies so as to effectively respond to the need of unemployed. In particular, during the period of 2009-2010, UI system had delivered UI allowance and job counseling and seeking services to about 100,000 unemployed, making its great contribution towards improving social security.
- The organization for implementation has been progressive in coherent, timely and well-coordinated manner among the involving agencies including labour bureau, VSS, financial agencies, institution in charge of home affairs, and trade union, etc. It can be seen through a number of joint activities such as information dissemination, trainings, development of guidance and problems solving.

2. Limitations:

- About UI policies:
 - + UI coverage: the determination of UI coverage in reality is still a challenge, especially for the public sector where the concepts of “public servant” and “civil servant” are relatively unclear to

everyone and the law on “public servant” though approved has not been supported by implementation guidance.

- + UI allowance: the policy allowing unemployed who have found a job or joined the army to be eligible still to receive lump sum allowance appears unreasonable as it, to certain extent, causes a distortion to the primary objectives of UI program “being born to support involuntary job quitters”. The UI claimers those are no longer unemployed should not be entitled to a lump sum, but may receive active-job seeker’s incentives in other forms.

- + Vocational training: level of support perceived is low and duration of support is rather short. It poses a lot of constraints hindering the access of unemployed to the services.

- + Process and procedures for implementation of UI policy: The rule “7 days for unemployment registration” made a lot of troubles for unemployed. And it even becomes more problematic with the next deadline (15 days after registration day) for submission of UI claims given the fact that the certification of SI contribution also takes time and special efforts due to evasion or delays in remitting contributions made by a number of employers. Unemployed worker sometimes may prefer to, instead of enjoying UI benefits immediately after their contract terminated, seek for a new job, and want to submit UI claim only after a month without a job. In this case, however, the deadline for their unemployment registration has been already expired.

About payments of UI benefits, District Social Insurance often releases one instalment per month to individual receivers on a fixed date and via their agent or network at commune level . This is an replication of their common practices in paying pension without concerning the fact that UI allowances are expected to be more timely. The delays thus are unavoidable, unemployed can actually receive allowance long after the decision on their UI entitlements was made. This issue contributes to lessen the value of the programme in providing timely income replacement for unemployed when they happened to have no job. In addition, prompt actions could not be taken in emergency cases of suspending or terminating UI benefits. From worker’s perspectives, they now are in need of having only one contact for all UI related transactions from unemployment registration to the point of receiving benefits, avoiding back and forth travel among related agencies.

- Implementation of the UI policy:

- + Awareness of a number of labourers, employers, line departments and agencies on the UI policy is limited. Many people have not understood their entitlement and responsibilities, as well as conditions for obtaining the UI benefit.

- + Some units made late submission or even delayed the submission of social insurance dossiers in general and UI dossiers in particular resulted in failure in crosschecking the social insurance book for their units, or they failed to accomplish required procedures for crosschecking

social insurance books for labourers. Some enterprises wanted to keep labourers and thus they created difficulties in crosschecking the social insurance book for labourers.

+ Regarding the set up and budget for implementing the UI policy: A vertical UI management structure has not been set up causing difficulties in implementation of the policy.

IV. FUTURE DIRECTIONS AND SOLUTIONS

1. Continue to improve the legal framework on UI insurance and related guidance:

- Formulate the employment law to include an important chapter on employment insurance and it should continue to build on the experience and lessons learnt from the implementation of the current UI policy taking into account the expansion of UI coverage as well as support to be provided to labourers for them to cope with unemployment, maintain employment, and reduce the risk of falling into unemployment.

- It is highly recommended that the government will soon revise the decree numbered 27/2008/NŞ-CP dated 12 December 2008 in order to provide detailed instruction and guidance on some articles of the Social Insurance Law relating to unemployment insurance.

- It is important that the Prime Minister issues a decision that defines level of vocational training support to be provided to labourers with higher amount that could enable them to participate in vocational training activities.

- It is suggested that the Ministry of Finance collaborates with MOLISA to issue a detailed guidance on expenses relating to job counselling and orientation for labourers who are enjoying the UI benefit.

- It is suggested that the Ministry of Home Affairs collaborates with MOLISA to issue a detailed guidance on job positions and the number of staff required to run the UI programme. Such a task would be very important for developing a realistic budget plan that enables MOLISA's subordinate units to implement the UI programme.

2. Capacity building on the implementation of the UI policy

- Strengthen different forms of IEC on unemployment insurance and ensure that they are relevant to each group: labourers and employers.

- Establish a system from central to local level to implement the policy. Special attention should be made on physical infrastructure especially the UI office in cities.

- Strengthen capacity building for UI staff.

- Increase investment in physical infrastructure, working office in order to support UI staff to implement the UI policy and provide service to labourers.

- Increase inter-sectoral coordination in implementing the UI policy

- Strengthen international cooperation in the UI sector.

3. Dealing with violation of UI regulations

To strictly monitor the implementation of the UI policy in order to timely identify bottle necks and address cases where the UI benefit is frauded. In addition, effort should also be made to increase inspection on the implementation of the UI policy.

That is the brief country report on the implementation of the UI policy and future directions for moving this policy forwards.