

Study Tour for Officials and Policy Makers from the Philippines on Viet Nam's Unemployment Insurance Scheme

12-13 December 2016
Ha Noi, Viet Nam

Labour market institutions that protect workers in the event of unemployment have two objectives: (i) To ensure that workers have at least a basic level of income security in the event of loss of employment and (ii) to enable the labour market to adjust efficiently to economic. The two most common kinds of unemployment protection schemes in Asia are severance pay programs and mandatory unemployment insurance. Severance pay programs, also called retrenchment benefits, provide lump sum cash payments to workers who involuntarily or voluntarily terminate their contract of service with their employer. Severance pay programs have two problematic aspects. One is that employers with financial difficulties are often unable to pay severance. Second, the high cost of dismissal creates disincentives to fire workers with long seniority, as well as incentives to hire new workers through short term contracts that do not include severance pay benefits.

Mandatory unemployment insurance schemes (UI) are a more efficient alternative. In cases of business closures, the employers are not required to pay any compensation to workers, as the latter will receive support from the insurance scheme. And under a UI scheme, employers have no disincentive to fire workers with long seniority in cases where they need to restructure their operations. Most countries in Asia that have implemented UI have done so in the past few decades with the exception of Japan and China. The last Asian country that has adopted an UI scheme is Viet Nam, in 2009.

The initial version of Viet Nam's UI scheme covered all Vietnamese citizens with employment contracts of 1 to 3 years or with permanent contracts who are employed by private and public sector organizations with ten or more workers. The insured must have at least 12 months of contributions during the last 24 months, must be registered as unemployed, and must not have found a job within 15 days of registration. The benefit is 60% of the average monthly earnings in the 6 months before unemployment. The benefit is paid for 3 months with 12 to 35 months of contributions, for 6 months with 36 to 71 months of contributions, for 9 months with 72 to 143 months of contributions, and for 12 months with 144 months of contributions or more. Viet Nam's UI scheme was reformed the Law on Employment of 2013, which became effective in January 2015. The most important change was an expansion of its coverage to all employers that hire or employ workers under labor contracts, including employees working under seasonal or job-based working contracts with a term of between 3 months and 12 months.

This study tour is part of joint project of the United Nations regional commissions for Asia and the Pacific (ESCAP) and Latin America and the Caribbean (ECLAC) on "Strengthening the capacities of Latin America and Asia to develop and improve labour training systems and to protect workers against unemployment". It builds on two previous meetings that took place in Manila last year: a technical workshop to discuss alternatives for a potential unemployment protection scheme suitable for the Philippines in August 2015 and a high-level meeting on implementing reforms on protection from unemployment and national systems of technical and vocational education and training in October 2015. Its purpose is to provide a group of officials and policy makers from the Philippines a detailed presentation of the functioning of Viet Nam's UI scheme.

Agenda

Day 1: Monday, 12 December 2016		
Time	Venue	Meetings and issues to be discussed
08:30 - 09:45	Hotel meeting room "Meeting 34"	Briefing about Viet Nam's UI scheme and introduction to the study tour
09:45 - 10:00	Leaving hotel to the Ministry of Labour, Invalids and Social Affairs (MoLISA)	
10:00 - 12:00	MoLISA, Room 108	<p>Meeting with officials from International Cooperation Department (ICD) and Bureau of Employment (BoE)</p> <ul style="list-style-type: none"> • Role of MoLISA and BoE in the administration of Viet Nam UI • Elements of UI Act: for example, qualifying conditions, benefit rate and duration, payment of benefit, investigation of fraud, appeal system • Status of existing UI scheme: location of offices, claim intake (national, local office, provincial), claims allowed/denied • Workflows of claims and payment of benefits, amount of benefits paid locally • UI fund update • Further changes to UI Act • New policies • Information Technology and electronic services • Yearly Reports to government • Suggestions for implementing UI scheme in the Philippines
12:00 - 12:15	Leaving MoLISA to the hotel	
12:15 - 13:30	Lunch at the hotel	
13:30 - 14:00	Leaving hotel to Ha Noi Employment Service Center (ESC)	
14:00 - 15:00	Ha Noi ESC	<p>Meeting with management team of ESC and with official from Ha Noi's Department of Labour, Invalids and Social Affairs (DoLISA)</p> <ul style="list-style-type: none"> • Role of DoLISA, including the management of Employment Service Centers (ESCs), processing UI claims and other duties • Role of the ESC • Requirement for offices, supplies, and staff • Statistics on claim load, claims allowed/denied, number of staff per claim load, etc. • Suggestions for implementing UI scheme in the Philippines
15:00 - 16:00	Ha Noi ESC	Tour of the ESC

16:00 - 16:15	Leaving Ha Noi ESC to the hotel	
16:15 - 17:30	Hotel meeting room "Meeting 34"	<p>Wrap-up discussion of what was learned in Day 1</p> <ul style="list-style-type: none"> Initial discussion on the feasibility of implementing a UI scheme in the Philippines
Day 2: Tuesday, 13 December 2016		
Time	Venue	Meetings and issues to be discussed
09:00 - 9:15	Leaving hotel to Viet Nam Social Security (VSS)	
9:15 - 11:15	VSS	<p>Meeting with officials from VSS and Ha Noi's Provincial Social Insurance</p> <ul style="list-style-type: none"> Role of VSS <ul style="list-style-type: none"> Responsibility for the determination of insured contributions and the collection of contributions Statistics on amount of contributions collected yearly Employers failing to comply and follow-up measures Recommendations for implementing the collection of premiums before paying benefits (meeting qualifying conditions) Role of Provincial Social Insurance offices <ul style="list-style-type: none"> Collection of UI contributions and sharing data for ESC to process payments Suggestions for implementing UI scheme in the Philippines
11:15 - 11:30	Leaving VSS to the hotel	
11:30 - 12:45	Lunch at the hotel	
12:45 - 13:00	Leaving hotel to Viet Nam Chamber of Commerce and Industry (VCCI)	
13:00 - 14:00	VCCI	<ul style="list-style-type: none"> Employers' opinions of the UI scheme Recommendations for implementing a new UI scheme
14:00 - 14:15	Leaving VCCI to Viet Nam General Confederation of Labour (VGCL)	
14:15 - 15:15	VGCL	<ul style="list-style-type: none"> Workers' opinions of the UI scheme Recommendations for implementing a new UI scheme
15:15 - 15:45	Leaving VGCL to the hotel	
15:45 - 17:30	Hotel meeting room "Meeting 34"	<p>Wrap-up discussion of what was learned in the two days</p> <ul style="list-style-type: none"> Conclusion of discussion on the feasibility of implementing a UI scheme in the Philippines