



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

Proceedings and Recommendations of the

Workshop on the role of ESCs to facilitate reemployment of the unemployed in Viet Nam

Thai Ngyuen, 3-4 October 2012

By Celine Peyron Bista and Loan Ngo Thi

Achievements

The workshop formulated a series of recommendation to improve linkages between unemployment benefits and employment support services. Main recommendations are:

1. On revising the legal framework: A review of Decrees and Circulars should be conducted to suggest solutions for improving level of support, duration of support and flexibility in type of training courses.
2. On increasing ESCs' performance: Concrete solutions were proposed to (i) reorganize the workflow so that unemployed will first receive job placement services before registering for UI claim; (ii) enhance staff's competencies to be able to deliver quality and personalized counseling/orientation services, in particular design of tools to improve assessment of unemployed' VT needs; and (iii) improve the office arrangements to be more client-friendly.
3. On monitoring insured unemployed' participation to VT: It was recommended to replicate the practice of HCM city's ESC where the PSI transfers VT allowances via the ESC rather than reimbursing directly the VT centers. Such practice enables the ESC to monitor the attendance and completion of VT courses by the unemployed.
4. On improving delivery mechanisms: There is a clear recommendation to establish a one-stop-shop structure which will link services provided by ESC, PSI, provincial division for VT and commercial banks. Proposed step are (i) the establishment of a MoU between the different institutions for data sharing and practical issues, (ii) implementation of partnership agreement between SI and commercial banks to release payments via ATM.

Proceedings

Opening remarks by Mr Le Quang Trung , Vice-Director of Bureau of Employment, MoLISA and presentation by Mr. Tu, Deputy Head of UI policy division, BoE

The Government of Viet Nam is currently revising the Decree #127 for implementation of the UI scheme. The proposed revision follows recommendations formulated by the "Eighteen month review of the UI scheme", conducted by BoE and ILO/Japan-ASEAN UI Project in August 2011. One

hundred amendments are proposed for which the government already received comments from different stakeholders and now ready for final approval.

The scheme has made dramatic progress in terms of coverage extension. In May 2012, 8.3 million employees were registered in the UI scheme. Since January 2010, 766,106 insured unemployed received unemployment benefits. The UI fund balance is estimated at VND 16,537 billion (May 2012). Nevertheless, the scheme's function to support re-employment of the job seeker still require some improvement: only around 19,045 insured unemployed returned to work before exhausting their entitlements (number of beneficiaries who have received the lump-sum payment since 2010).

Moreover, one of the UI scheme's objective is also to facilitate upgrading of skills to adapt to changes in the economy. However, only 3,970 insured unemployed have used the VT allowance (less than 1 per cent of beneficiaries).

Therefore measures to improve access to vocational training by the unemployed and early re-employment support need to be explored.

Presentation by Celine Peyron-Bista, Chief Technical Advisor, ILO/Japan-ASEAN UI Project

ILO Conventions related to unemployment protection recommends 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).

Presentation by Loan Ngo Thi, National Coordinator, ILO/Japan-ASEAN UI Project

In Viet Nam, unemployment rates are relatively low (2.6 per cent) and time-related underemployment stands at 6.8 per cent with a higher representation of young people among the underemployed. Nonetheless, the main issue of Viet Nam's labour market is the vulnerable employment which still accounts for 61.5 per cent of the labour force, with higher predominance of female workers (2009 data from VET, 2010). Therefore, UI scheme's performance in ensuring that insured unemployed return to work prior to the end of their entitlements is also perceived as a preventive measure to contain the growth of vulnerable employment and underemployment.

Presentation by Mr. Masayuki Nomiyama, Expert on employment insurance

In Japan, the current Employment Insurance is the result of a long and adjusting process to adapt to a changing economy and shifting employment partners, e.g. moving from long-life working contracts to more flexible and short-term contracts. Japan's EI system relies on the positive correlation between unemployment protection and labour market policies. It is composed of two branches, namely the unemployment benefits and the "Two Services". The latest aims at support employment creation for job seekers and employment retention in enterprises in difficulties. The two funds are

managed independently, the unemployment benefits being financed by both workers and employers, whereas the “Two services” is funded by employers’ contributions only. Employment support programmes for enterprises are based on grants rather than loans. The public employment centers, “Hello Works”, are a key player in the implementation of the scheme. They coordinate delivery of services provided by eight different Ministry’s divisions, including social assistance division.

In Japan, the re-employment rate among the insured unemployed is 14 per cent, whereas it reaches 36 per cent among the non-insured. The relatively low performance of the EI system in re-employing insured unemployed can be partially explain by a low morality to find a job, despite incentives offered to insured unemployed to return early to work, e.g the employment allowance.

Developing countries considering the introduction of unemployment insurance system should:

- be adapted to the economic and social situation of the country, where formal employment predominates,
- rely on sound and accessible labour market information,
- establish incentives to return to work rather than staying unemployed,
- ensure strong coordination and cooperation among labour and social security institutions,
- rely on solid institutional capacities,
- involve social dialogue to ensure sustainable and successful management of the system .

Presentation by the General Division for Vocational Training

Insured unemployed are entitled to a monthly VT allowance of VND 300,000, to attend courses from 3 to 12 months, up to 6 months. Considering the low rate of enrollment to VT, though in constant increase - only 3,970 UI beneficiaries since the programme has started-, BoE, with the support of the ILO/Japan-ASEAN UI Project, is conducting an assessment of the constraints that hinder access to VT by the insured unemployed, with the aim to propose concrete measures for improvement. 37 per cent of the insured unemployed interviewed during the field visits declared having no interest in undergoing training courses. Preliminary issues identified by the study are the partial reimbursement of the training fees by the UI scheme; the cost for travel to attend the course, the waiting time before a course opens; the insufficient supply of short-term technical courses (few weeks); the lack of monitoring of completion of the course by the unemployed, among others. Except for Ho Chi Minh City, in the other provinces training fees are reimbursed by PSI to the training center upon approval by DoLISA of the UI beneficiary’s request to attend a course, rather than upon successful completion of the course. Such rule may lead to misuse of the VT allowance fund by reimbursing fees for unattended courses. Also it is worth pointing out that the ESCs organize their own vocational training, such provision may influence ESCs staff and DoLISA in the selection of the training courses.

The Deputy Director for Vocational Policy of DGVT clarified that the purpose of the VT allowance is not to cover the entire cost of the VT course but to provide partial assistance to insured unemployed to up-grade their skills. A representative from a private training center stressed out the difficulties for the VT centers to deliver courses when insured unemployed drop, because either they find a job or they have exhausted their UI entitlements. The Director of Ho Chi Minh City ESCs pointed out that the Decree #127 is unclear on the qualifying conditions to the VT allowance when the insured person has exhausted his/her UI benefits.

Comments by Viet Nam Social Security

The UI scheme performance shows some encouraging results:

- Expansion of coverage and positive balance of the UI fund, which allows covering UI claims through only investment's interests;
- Good cooperation between MoLISA and VSS for the issuance of the different legal documents related to UI contributions and payment of benefits. In latest Decision #488, VSS committed to pay UI benefits within 5 working days after receiving DoLISA's decision.
- Good cooperation between DoLISA and PSI to implement the regulations related to collection of UI contributions and payment of UI benefits, in terms of information dissemination, process for UI benefits payment.

However, some issues persist:

- Compliance with the "5 days" provision is challenged by the lengthy and complex mechanisms to collect from employers all required documentation, as well as the verification of total contributions paid by employers. The claim for unpaid contributions is critical even impossible in the case of employers going bankrupted. Control mechanisms to prevent social evasion need to be reinforced. Concerning payment to VT centers, it is proposed to replace monthly payment by payment upon completion of the course by the unemployed.
- In certain cases, the UI scheme is misused by employers and employees who agree to interrupt temporarily contracts, and resume work after exhausting UI benefits. For VSS, rapid increase in the number of claims is mainly explained by unemployed who have voluntary left their employment. To prevent such misuse, it is proposed to either exclude voluntary quitters or to offer them a reduced benefit.
- The procedures for payment of UI payment are yet too cumbersome, in particular the repeated travels by the unemployed between ESCs and PSI. It is recommended streamlining the process and establish mechanisms to facilitate transmission of the unemployed' files between the two institutions.
- The low re-employment rate is of concern. ESCs should improve or implement new measures to facilitate support to the unemployed. Increasing the performance of ESCs in this area will require enhancing the staff capacity to better target assistance needed by the unemployed.

BOE recommends stronger efforts to comply with payment within 5 working days and greater transparency on the contributions paid by employers for each worker.

Presentation by Viet Nam Chamber of Commerce and Industry (VCCI)

VCCI is conducting a survey to collect feedback from employers on issues related to the UI policy's implementation. 48 per cent of employers participate to the UI scheme. Among issues, VCCI agreed on the misuse of the UI scheme by both employers and employees, which could be prevent by reducing level of benefits to voluntary quitters. Support for VT is insufficient. Registration period

within 15 days is too short to compile all required documents. The registration period should be extended to 3 months.

VCCI stressed out the unbalanced treatment provided to big vs. small enterprises: enterprises with less than 10 employees are not covered by the labour code and related laws; and in return not eligible for government's support for VT for instance. VCCI proposes to extend coverage to all enterprises with at least one employee. Finally, VCCI recommends strengthening information campaign to raise awareness among employers and employees on the UI concept, policy and procedures.

BOE called for a more responsible behaviour on the part of employers to restrict use of short-term contracts and prevent "false" termination, and avoid unnecessary relocation of economic activities.

Presentation by Viet Nam General Confederation of Labour (VGCL)

An on-going survey conducted by VGCL at the provincial level, with the aim to assess UI's performance and propose solution, confirms the low use of VT and low rate of re-employment. Most unemployed, although low-skilled, are not interested in pursuing VT and do not have resources to complement the cost of VT. It is proposed to increase the level of VT allowance.

The fundamental issue is that the system is designed in such a manner that workers perceive it as a provider of UI benefits only, and do not use ESCs services to find a job. Workers concentrate all efforts in compiling required documentation to receive UI benefits rather than searching for a job. ESCs should concentrate on its primary role which is providing assistance and counselling to job seekers for job placement. For this purpose, there is an urgent need to strengthen capacity and number of the ESCs staff.

The Government should increase and diversify VT support, by encouraging employers' responsibility in offering in-enterprises training and extending access to VT courses delivered by VGCL.

There is a clear need to improve labour market information in order to anticipate new skills needed to adapt the economy.

Working groups

Three Groups were asked to discuss the following questions:

Strengthening the role of ESC to assist the unemployed:

1. How to improve the services of the ESCs to the unemployed, in terms of staff capacity, organization of the structure, operational model, and available information on vacancies and vocational training?
2. Which mechanisms/tools will help ESCs to identify better the need of the insured unemployed for vocational training?

Improving linkages between ESCs, VSS and VT centers:

3. What are the legal constraints that limit access to vocational training and employment services?
4. How to improve mechanisms/tools to monitor insured unemployed who were granted VT allowance?
- 5 How involved institutions can improve coordination to provide one-stop-shop service?

Conclusion of the Workshop

The Workshop concluded with the restitution of the working groups and the summary of recommendations to improve the role of ESCs in facilitating the re-employment of the unemployed. (See annex).

Annex 1: Restitution of the working groups' discussions

Table summarizing raised issues and proposed solutions

	Issues	Solutions
Question 1: What are the legal constraints that limit access to vocational training and employment services by the insured unemployed?	1.1 The current process allows applying VT only once the decision on UI allowance is granted.	<ul style="list-style-type: none"> ○ Allow registration for VT directly at the ESCs where unemployed submit their UI claim ○ Registration and application for UI benefits and VT can be streamlined in 1 step only by revising Circular 32
	1.2 Duration of VT allowance is six months since the date an unemployed enjoys their UI allowance. However, the insured unemployed encounter delays in registering to UI benefits and VT allowance.	<ul style="list-style-type: none"> ○ Allow registration for VT directly at the ESCs where unemployed submit their UI claim. ○ Include a section for registration to VT in the UI registration form. ○ Revise the law to give more flexibility for duration of VT course. ○ Allow the insured unemployed to undertake short VT courses regardless the level of trainings, e.g. "primary" or "high level".
	1.3 Level of support appears too low compared to market price.	<ul style="list-style-type: none"> ○ Currently collecting (BOE) feedback from different stakeholders on whether the level of VT allowance is adequate. If not BOE will propose some adjustment in a Decision to the Prime Minister.
Question 2: How to improve the services of the ESCs to the unemployed, in terms of staff capacity, organization of the ESC structure, operational model, and available information on	2.1 We do not have enough staff who have received appropriate training to provide counseling services on re-employment and skills development	<ul style="list-style-type: none"> ○ Better equip the bigger ESCs with supplementary staff. ○ Train the staff on the procedures as well as client-oriented services and communication skills. This will enable the ESCs staff to respond adequately to the needs of the unemployed. (will be done through training of trainers supported by activity 2.6 of the ILO/Japan-ASEAN UI Project) ○ Develop a training manual to replicate the trainings for staff on conducting employment services. ○ Establish a standardized workflow for delivery services of employment services.
	2.2 Existing facilities are insufficient to support the provision of effective	<ul style="list-style-type: none"> ○ Establish separate rooms for counseling ○ Provide enough working station for staff

vacancies and vocational training?	employment services and vocational training	<ul style="list-style-type: none"> ○ Reinforce IT support to manage the vacancies (on-line database) and VT information. ○ Prepare within ESC the list of training courses available for selection by the insured unemployed. ○ Rearrange the ESCs office workflow to ensure that unemployed will first receive job placement services before applying for UI benefits ○ Change the perception of the unemployed on the role and functions of the available at the ESCs, e.g. not only UI benefits.
	2.3 The collaboration among internal divisions of ESC, and ESC with VT centers and PSI, is still weak, without any mechanism for sharing information/data on the insured unemployed and different services available	<ul style="list-style-type: none"> ○ Establish mechanisms to share information on existing VT available for the insured unemployed (once a month VT sends the information to ESCs) ○ Streamline the process among ESCs' divisions. ○ Encourage the implementation of case-management model to address the needs of the unemployed, following the experience of several countries.
Question 3: Which mechanisms/tools will help ESCs to identify better the need of the insured unemployed for vocational training?	3.1 At present, ESCs are not equipped with staff trained and capable to provide guidance on VT.	<ul style="list-style-type: none"> ○ Design and use a questionnaire to capture the issues and needs of the unemployed, at the first counseling appointment. ○ Organize consultation with the unemployed during the VT to assess whether the course meets the needs of the unemployed ○ Monitor the skills development of the unemployed after training course ○ Develop adapted measures to support specific groups such as migrants who come from rural to urban, or new graduates
Question 4: How to improve mechanisms/tools to monitor insured unemployed who were granted VT allowance?	4.1 There is no monitoring on the quality of VT and attendance of the insured unemployed to designated VT.	<ul style="list-style-type: none"> ○ Improve collaboration with VT center, by reporting to the ESCs on the unemployed' attendance, successful completion of the course, relevance of the course to the unemployed' needs, etc.. This information will complete the questionnaire filled in at the first counseling appointment (see above). ○ Allow ESCs to play a significant role in coordinating with VT centers the attendance and relevance of the course for the unemployed beneficiary. In HCM city, PSI will transfer the VT

		allowance via ESCs to pay the VT center.
Question 5: How involved institutions can improve coordination to provide one-stop-shop service?	5.1 It will be difficult to have database shared among agencies(PSI and ESCs)	<ul style="list-style-type: none"> ○ Encourage data sharing between ESC and PSI, following the good practice established in HCM city: the ESC requests PSI to transfer a part of their data regarding to unemployed only to the ESC's server. This solution doesn't cause any issue of confidentiality of the system. ○ Encourage the signature of additional MOU between the agencies for data sharing and others information at the provincial level.
	5.2 Payments for UI benefits and VT are made late.	<ul style="list-style-type: none"> ○ Improve the collaboration between ESC, PSI and Banks to release payments via ATM, following the practice in Ho Chi Min city.