

**DRAFT**

**MISSION REPORT ON ACTIVITIES SUPPORTING THE  
IMPLEMENTATION OF AN EFFECTIVE  
UNEMPLOYMENT PROTECTION SCHEME IN THE PHILIPPINES**

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## Acronyms

BoE	Bureau of Employment (Viet Nam)
CLE	Commission on Labour and Employment
DOLE	Department of Labour and Employment
DoLISA	Department of Labour, Invalids and Social Affairs (Viet Nam)
ECLAC	Economic Commission for Latin America and the Caribbean
EI	Employment Insurance
ESC	Employment Service Centre (Viet Nam)
ESCAP	Economic and Social Commission for Asia and the Pacific
HOR	House of Representatives
ICD	International Cooperation Department Viet Nam)
ILO	International Labour Organization
MoLISA	Ministry of Labour, Invalids and Social Affairs (Viet Nam)
NEDA	National Economic and Development Authority
PESO	Public Employment Service Organization
PSI	Provincial Social Insurance (Viet Nam)
UI	Unemployment Insurance
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
VCCI	Viet Nam Chamber of Commerce and Industry
VGCL	Viet Nam General Confederation of Labour
VSS	Viet Nam Social Services

# MISSION REPORT ON ACTIVITIES SUPPORTING THE IMPLEMENTATION OF AN EFFECTIVE UNEMPLOYMENT PROTECTION SCHEME IN THE PHILIPPINES

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## Introduction

Under the auspices of the Economic and Social Commission for Asia and the Pacific (ESCAP), two important initiatives were undertaken to assist the Philippines to develop, design and implement an effective unemployment protection scheme. These initiatives included: 1) a study tour for officials and policy makers from the Philippines on Viet Nam's Unemployment Insurance Scheme and 2) a workshop on implementing reforms on the Philippines' protection from unemployment schemes.

This study tour and workshop is part of a joint project of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and the Economic Commission for 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.

The study tour involved 13 delegates from various ministries, departments and the House of Representatives who are charged with the responsibility of administering social security benefits. They will play an important role in any implementation of a mandatory unemployment insurance scheme for the Philippines.

Viet Nam began the collection of contributions on January 1, 2009. As unemployed workers in Viet Nam required 12 months of insurable employment, the effective date of implementation of paying UI benefits commenced on January 1, 2010. At that time, in terms of insurability, coverage was restricted to workers who worked for employers with at least 10 employees. In addition, only employees who have a contract at least one year in length, were considered insured under the UI scheme. Changes to the UI Act effective January 1, 2015, amended these provisions in order that all employees would be covered under the UI scheme and had a contract with at least 3 months of work. The qualifying conditions specified that an unemployed worker required 12 months of insured employment within a reference period of 24 months. For those unemployed workers who qualify for UI benefits, the benefit rate would be 60% for a duration of 3 to 12 months depending on the number of insured months of employment.

## Study tour of Viet Nam's Unemployment Insurance Scheme

On December 12 and 13, 2016, the study tour of Viet Nam's Unemployment Insurance Scheme took place for the above mentioned Philippine officials from government institutions including the following (see appendix "A" for specific details):

- ❖ Department of Labour and Employment (DOLE)
- ❖ National Economic and Development Authority (NEDA)
- ❖ Social Security System
- ❖ House of Representatives
- ❖ UNESCAP and Consultant

The delegates included H.E. Mr. Randolph S. Ting, the Chairperson of the House of Representative (HOR) and the Committee on Labour and Employment (CLE).

The study tour included the following visits to government agencies and representatives of employers and workers:

a) **The Ministry of Labour, Invalids and Social Affairs (MoLISA):** the main branch of MoLISA oversees the Unemployment Insurance program from a policy perspective and the Bureau of Employment (BoE) within MoLISA. The International Cooperation Department (ICD) also participated in the meeting. BoE provides advice and guidance in the delivery of service and processing of Unemployment Insurance (UI) claims provided by Employment Service Centres (ESCs). While officials from MoLISA were not present at this meeting, BoE made an excellent presentation and indicated MoLISA is responsible for submitting a financial plan for the following year to Viet Nam Social Services (VSS). VSS, in collaboration with MoLISA, agree on the plan and it is submitted to the government for approval. MoLISA also plays an important role in issuing regulations on UI and organize implementation of policy issues. BoE provides the necessary support to the ESCs to implement new policies such as the Employment Retention Program. BoE also provides support to ESCs concerning the workflow of processing UI applications and paying UI benefits. This supportive role compliments the role of DoLISA who have a more direct management of UI in the ESCs.

There was a good deal of discussion on the changes to the UI Act under the new Employment Law which moved the legal requirement for UI from the Social Insurance Law to the Employment Law in order to better serve employers and workers in their quest to assist employers and find work for unemployed persons as quickly as possible. The Philippine delegates were very interested in the changes brought about through the new employment law such as the elimination of the lump sum provisions, removing restrictions on coverage (type of contract and restricting coverage to employers with 10 or more employees), a more gradual and less generous duration of benefits and changes to the definition of base salary. There was special interest in a new provision in the Employment Act concerning direct support to employers for active employee training.

b) **Employment Service Centres:** There are a total of 63 provincial employment service centres across Viet Nam which are responsible to accept, process and issue payment to qualified UI beneficiaries. They are also responsible for the registration of employment and conducting monthly job seeking interviews with UI beneficiaries on a continuing basis. Also, DoLISA was present as well as BoE officials who have direct responsibility in the administration of ESC responsibilities and financial affairs. A tour was conducted of one of the seven ESCs in Hanoi. Two ESCs fall under the jurisdiction of DoLISA while the other five ESCs have no connection with DoLISA and are treated more like satellite offices forwarding UI applications for benefits to the two main ESCs for processing and payment of benefit. The Hanoi ESC has 162 staff and is funded by State budget. Approximately

170.000 unemployed workers have received UI benefits since the implementation date of January 1, 2010. They utilized the Single Window Initiative (one stop shopping)

c) Viet Nam Social Security (VSS) and Provincial Social Insurance Offices (PSI): VSS is responsible for the determination of insured contributions and the collection of contributions from the employer (on behalf of the employer and workers). PSI is responsible for the collection of UI contributions at the local level and sharing data for ESCs in the determination of whether or not an unemployed person is qualified to receive UI benefit.

d) Viet Nam Chamber of Commerce and Industry (VCCI): VCCI is an organization of businesses whose goal is to further the interests of businesses in Viet Nam and also promotes and protects the interest of businesses. The issue of unemployment insurance is important to business as employers are usually required to pay mandatory contributions into the UI fund.

e) Viet Nam General Confederation of Labour (VGCL): VGCL is an organization which represents the interests of workers in Viet Nam and have generally been supportive of mandatory insurance schemes as an effective unemployment protection instrument.

## Manila workshop presentations and discussions

On December 15 and 16, 2016, a workshop was held on developing an effective unemployment scheme for the Philippines upon completion of the Viet Nam study tour. The idea was to develop awareness of the issues to be faced by the Philippine government through lessons learned from the administrators of the UI scheme in Viet Nam and follow-up with additional discussions through a workshop on implementing reforms on the Philippines' protection from unemployment insurance schemes. There were 4 main plenary sessions conducted during the workshop according to the following:

Plenary Session #1: Comparative perspectives on protection from unemployment in Asia and Latin America

Speaker: John Carter, Consultant, on Protection from unemployment in Asia;

Speaker: Mario Velazquez, Consultant, on Protection from unemployment in Latin America.

The session included Commentators on the presentations and a discussion period.

Plenary Session #2: National experiences with unemployment protection in Asia

Speaker: Sang Hyon Lee Research Fellow, Korea Employment Information Service: Korea's employment insurance (EI) program

Le Quang Trung Deputy Director General, Viet Nam Bureau of Employment

The session included Commentators on the presentations and a discussion period.

Plenary Session #3: Reforming the Philippines' protection from unemployment schemes

Included in this gathering was a breakout session where the workshop participants were assigned to one of three groups depending on their affiliation with a government agency or employer/worker group. In this session, the following questions were to be discussed by all three groups and reported to main group of participants:

- ✓ What are the pros and cons of the UI/EI schemes such as those of Korea or Viet Nam?
- ✓ What form of UI/EI is most suitable for the Philippines?
- ✓ What are the main challenges in transitioning to a UI/EI scheme including its funding?
- ✓ To what extent should the Philippines adopt Active Labour Market Policies (ALMPs), and which ALMPs do you consider to be the most effective for the Philippines?

Plenary Session #4: Lesson's from Viet Nam's UI scheme – what would the Philippines need to know if it wanted to implement a UI scheme

Included in this session was the showing of a video (5 minutes in length) to participants which was created by the International Labour Organization (ILO);

The video was followed by a round table discussion of specific lessons learned from the study tour by Philippines officials with the Viet Nam delegates acting as resource persons for the discussion.

A second breakout session was conducted with the same three groups to review and discuss the policy elements with consideration given to ILO conventions 102 and 168 as well as the policy matrix for the Viet Nam UI scheme.

#### Plenary Session #5: The way forward and conclusion

Presentations were made by Alberto Isgut, John Carter, Mr. Patrick Patriwirawan, Jr. (DOLE) and Mr. Tony Asper of the Federation of Free Workers. The discussions focussed on the development of an effective unemployment protection scheme and the next steps following up from the study tour and the Manila workshop.

## Results of the Breakout Sessions

### Breakout Session #1:

Discussion questions for delegates divided into 3 groups during the breakout sessions (please see **Appendix “B”** for full responses from delegates):

What are the pros and cons of UI schemes such as those of the Republic of Korea and Viet Nam?

**Response:** Generally speaking, the delegates were interested in both schemes but liked the scheme to be called Employment Insurance to reflect the positive nature of active labour market policies to assist unemployed workers to find work quickly.

What form of UI is most suitable for the Philippines?

**Response:** The delegates felt that a more comprehensive approach is necessary to deal with private sector workers, informal workers and government employees. They feel Employment Insurance linked to active labour market policies to provide the most effective coverage for unemployed workers.

What are the main challenges in transitioning to a UI scheme, including its funding?

**Response:** Some of the challenges are the financing issues such as who will pay for the unemployment protection and the delegates feel the government should provide leadership not only in the guarantor role of protecting the UI Fund but also contributing on a regular basis. The issue of coverage will be challenge as well as the question of severance pay vs unemployment insurance.

To what extent should the Philippines adopt Active Labour Market Policies (ALMPs), and which ALMPs do you consider to be the most effective for the Philippines?

**Response:** Generally speaking, the delegates felt that the Philippines has implemented good ALMPs but there needs to be improvements in the job-matching mechanisms and rules/standards.

### Breakout Session #2:

The delegates were divided into 3 groups to review and comment on the necessary elements for an unemployment protection scheme. The recommendations of ILO conventions 102 and 168 as well as the elements of the UI scheme in Viet Nam were utilized for the development of policy elements of an effective UI/EI scheme for the Philippines (please see the results in **“Appendix C”**).

## Results and main issues of the Viet Nam study tour and Manila workshop

In addition to the visits during the study tour, the delegation met three times during the course of the study visit to discuss various aspects of the UI system in Viet Nam and whether or not there is application to the Philippines. There was also a final wrap up session at the end of the study tour. The workshop had numerous opportunities for participants to discuss the viability of implementing a mandatory UI scheme. As a result, a number of issues were raised concerning the implementation of an effective unemployment protection scheme in the Philippines. These issues are as follows **in order of priority** as determined by NEDA officials:

### 1) Viet Nam's approach to positive collaboration with employers

The most compelling issue of the Philippine delegation was how the Viet Nam government convinced employers to accept the fundamental need for a UI scheme. Viet Nam has emphasized the need for effective and continuing communication with employers during the design/planning, implementation and post-implementation periods. Any national dialogue must definitely include employers and workers as they will be contributing to the UI Fund. In meetings with the Viet Nam Chamber of Commerce and Industry, the employer representative was also asked the question of employer acceptance to the UI scheme and she indicated the following reasons for doing so:

- Workers appear to be safer with the existence of a UI scheme to protect them in case of unemployment;
- The UI scheme replaces severance pay provisions (workers retain the credits prior to the date of implementation of the UI scheme on January 1, 2010 but credits cease after this date);
- Employers receive support from the government on the provision of training or retraining which is a priority to many employers

Having said that, employers are mainly concerned with the financial aspects of the UI scheme and the amount of contributions required by employers to support the UI scheme.

It is important to note that close to 80 countries have implemented a UI scheme and many employers have accepted the following reasons for implementing it. Employers should benefit from UI, by recruiting workers who are better suited to their needs. Those workers will be more productive and less prone to leave their employment soon afterwards, if their decision to join the firm was made without the pressure of having to urgently find any source of income for survival. The presence of an UI system can also give firms more flexibility in managing workforce reductions, they and their workers being able to count on a temporary financial backstop, fully guaranteed by the public authorities.

UI benefits could facilitate a firm's recourse to temporary layoffs, it being more likely that its workers would still be available when normal business activity resumes, thus avoiding the need to hire and train new staff. Alternatively, employers could put their workforce on temporarily reduced hours and wages, with UI work-sharing benefits picking up part of their workers' lost income. This would allow employers to maintain all of their staff on active payroll. The example of Germany is particularly revealing, as their job-sharing scheme was extended to 500,000 workers during the last economic recession and was estimated to have preserved 120,000 jobs. The work-sharing instrument has been adopted in such diverse countries as France, Canada, Denmark and the United States.

The Republic of Korea gave an excellent presentation outlining the benefits of an EI scheme for employers including significant employer subsidy programs. Korea's EI system operates two main active labour market programs, namely:

- ❖ Vocational Competency Development, which consists of in-enterprises and in-centres vocational training subsidy for job seekers, employee training subsidy and vocational training subsidy.
- ❖ Employment Stabilization Program, which assists in employing jobseekers through a job creation subsidy, grant to start up their own business, in maintaining employment through wage subsidies and in facilitating employment for seniors and disabilities.

For the Vocational Competency Development and the Employment Stabilization Programs, only employers contribute, from 0.25% of wages if they have less than 150 employees, to 0.65% if they employ more than 1,000 workers.

In the closing plenary session, the issue on dealing with employer acceptance of a UI scheme was again highlighted which produced a few additional ideas. Depending on whether the Tripartite Industrial Peace Council or a new tripartite steering committee is selected to manage a new feasibility study, an employer and worker representative should speak for all employers/workers and have credibility and respect from the community as being objective and fair. This does not mean they need to agree totally to a UI scheme but are willing to listen and assist in the collaboration process. NEDA has recommended two organizations for employers: 1) the Employers Confederation of the Philippines and 2) the Makapti Business Club. For workers, they have suggested the Trade Union of Confederation of the Philippines.

Every year, the International Labour Organization (ILO) holds the annual Meeting of tripartite partners and governments are encouraged to send participants from government, employer and workers organizations to discuss social security conventions. Perhaps whichever organizations will be representing employers and workers could be invited to attend the annual conference to assist in the collaboration process.

Viet Nam indicated they conducted a study of how workers learned of the implementation of the UI scheme and most workers were informed by employers. Employers with experience in conducting workshops on government policies should work together in assisting government in providing information sessions on UI to both workers and other employers.

## 2) Financing of the UI scheme:

Article 71 of ILO Convention No. 102 recommends that benefit and administration costs be borne collectively either by insurance contributions or by taxes, in such a way as to avoid hardship on low income workers. It also asks countries to assume responsibility for sound governance and to act as guarantor for the UI Fund. There was much discussion on the financing arrangements for a new Philippine UI scheme and who should be responsible to pay for it. Many participants at the Manila workshop felt that the government should play a lead role in the financing arrangements by providing seed money at the commencement of the UI implementation. It was mentioned that collection for UI contributions usually commence in advance of 6 to 12 months to allow for unemployed workers to meet the qualifying conditions of adequate months of insurable employment and to allow the UI Fund to grow before the expenditures of UI benefit payment. However, in addition to act as guarantor of the UI Fund, many participants felt that the government should provide leadership in also contributing monthly to the UI Fund. The amount of contributions would be defined by any tripartite committee established to conduct a full feasibility study.

Throughout the world, financing arrangements include employer contributions with some exceptions (e.g. Denmark) and they also include workers with the exception of the United States. Governments contribute on a regular basis in countries such as Bahrain, Thailand and, to a minor extent, in Chile and some other countries. Viet Nam commenced their UI implementation with regular financing arrangements but withdrew their 1% contribution rate with the passage of their new employment act which took effect on January 1, 2015 given the large surplus in their UI Fund.

In some cases, such as Japan and the Republic of Korea, programs under active labour market activities, are paid by employer contributions only.

## 3) Administration of the UI scheme:

Throughout the world, countries with UI schemes deal with three main priorities:

- 1) The collection of contributions; usually social security departments are responsible for the collection from employers (who submit the contributions from both the employer and workers);
- 2) Processing UI applications for benefit including assessment, calculation and final decision; in most cases, social security institutions or employment departments assume responsibility for the processing of UI claims;
- 3) Payment of UI benefit to those who qualify and meet the entitlement conditions; usually a social services or tax departments will pay benefits either by direct deposit or cash benefits.

In Viet Nam, VSS is responsible for the policies related to the insurability of employment while PSI is responsible for the actual collection of contributions. Meanwhile, the Employment Service Centre is responsible to accept applications for benefit, processing UI claims (assessing, calculating and preparing the claim for a final decision by the Director of DoLISA) as well as payment of UI benefits (initially, VSS was responsible for the payment of UI benefit).

In some cases, all three priorities are handled by the same department while in other countries, three different departments share responsibility.

It is important to note that there are new functions that are unique with a UI scheme in comparison to other social security benefits such as: 1) an employer issuing a notice termination to unemployed workers, 2) having the unemployed person register for unemployment and 3) having the unemployed worker report to the employment centre for a continuous job seeking interview.

In most cases, upon termination, an employer will issue an official notice of termination of employment and the unemployed person is required to report to an employment or UI office to submit the notice after termination of employment. In addition, many countries have a booklet or a record of insurable earnings and length of employment which is completed by the employer and provided to the unemployed worker on or shortly after separation from employment. The booklet or record is also required by the processing agency to assess the unemployed worker's benefit rate and duration and consider if the reason for separation of employment make the worker eligible to UI benefits, e.g. voluntary or involuntary termination, misconduct, resignation for just cause (harassment, hazardous working conditions etc).

It should be noted that many countries send electronic collection of contributions to the employment or UI office but will still need to send a notice of termination to cover the reason for separation and monies on termination (unless it can be electronically sent as well).

The study tour delegates from the Philippines were impressed with the management of the ESCs and the implementation of the Single Window Initiative where different services are offered in one location for the convenience of workers and employers. An unemployed worker can

These functions were raised by study tour delegates that the Philippines do not have an equivalent administrative department to effectively manage the administration of a claim for UI benefit including the one-stop-shop service. The Public Employment Service Organization, part of DOLE, could potentially be the institution designated for registering unemployed workers for employment, processing claims for benefit and pay UI benefits but there is concern that PESO will need to be enhanced to provide these services effectively (see results #6 on the role of PESO for further information).

#### 4) Development of a policy matrix to establish the elements of a potential UI scheme

Breakout session #2 of the Manila workshop provided an opportunity for participants to identify the following elements of a new UI scheme for the Philippines keeping in mind the guidance provided by ILO Conventions 102 (1955) and 168 (1988) and the elements established for Viet Nam's UI scheme (see appendix "C"):

- ✓ Contingency
- ✓ Coverage
- ✓ Financing
- ✓ Qualifying Conditions
- ✓ Entitlement Conditions
- ✓ Benefit Amount and Duration
- ✓ Maximum Monthly Benefits
- ✓ Waiting Period
- ✓ Start and Timing of Benefits
- ✓ Suspension of Benefits
- ✓ Fraud and Abuse
- ✓ Right to Appeal
- ✓ Role of Government
- ✓ Administration and Departmental Arrangements

In addition, DOLE made a presentation in Plenary Session #5 (the Way Forward and Conclusion) entitled "A Three Dimensional Strategy for Employment Insurance: DOLE's way forward". DOLE accepted the notion developed by the ILO that in order to have an effective unemployment-related benefit scheme, it is imperative that a linkage be established between income support and the other two pillars – active labour market policies including employment activities and training. Most countries with mandatory UI/EI schemes have to some degree a linkage with ALMPs some stronger than others. It will be the responsibility of each country to determine to what degree ALMPs play an active role along with UI benefits.

In their presentation, DOLE recommended policy options which were developed according to the following activities: 1) the ILO Feasibility Study (2010), 2) the SSS Actuarial Study (2013), the GSIS Act of 1997 and the Assessment Based National Dialogue recommendations for a policy matrix. DOLE proposes the following way forward:

##### **At the policy level:**

DOLE to draft a legislative proposal on employment insurance taking into consideration the three-dimensional strategy as a framework;

DOLE to draft an Administrative Order creating a Technical Working Group on Employment Insurance with members from bureaus and attached agencies of the DOLE.

##### **At the Program level:**

DOLE to explore convergence of ALMPs in partnership with PESOs and realign employment facilitation programs with skills training in partnership with TESDA and livelihood programs in partnership with BWSC and DSWD.

I feel that a legislative proposal is premature at this point. A new full feasibility study should be conducted to develop a full consensus between employers, workers and the government in a tripartite venture. The Technical workshop group will be vital to the implementation but the feasibility study should take priority until the results of the feasibility study is fulfilled. The feasibility study would also be responsible for the identification of appropriate active labour market policies and to what extent the current AMLPs would be sufficient.

I believe a critical component of any plan for the implementation of a UI/EI scheme is a national dialogue with employers and workers who should be the focus of any feasibility study along with government departments. The above proposal makes no mention of employer or worker collaborations which should be included in any plan. Instead, I believe that steps followed by Malaysia developed by the ILO in Bangkok, the regional office for South East Asia and the Pacific, should be accepted which includes the establishment of a national tripartite committee (TPC). The TPC could be chaired by a senior official of NEDA or DOLE (or co-chaired) along with representations from an employer group representing a significant number of employers and who could also represent the membership of other employer groups. The same would apply to a worker group representing a significant number of workers and could also represent other worker groups as well. Other government departments with an interest in the UI scheme could also be represented but the number of representatives from government, employers and workers should be equal in number. Once the results of the feasibility study is accepted by the government, a Technical Working Group could be established to look at the implementation issues.

The DOLE presentation highlighted a number of studies conducted in the past few years on proposed mandatory unemployment insurance schemes:

- ✓ ILO Feasibility Study (2010)
- ✓ SSS Actuarial Study (2013)
- ✓ GSIS Act of 1997
- ✓ Assessment Based National Dialogues (ABND) (2015)

While collaboration between government and employer/worker groups did occur with other proposals listed above, it is imperative employer and worker groups play a key role in defining the final policy matrix with EI elements.

#### 5) Legislative bills on unemployment protection rejected in past

Many bills have been introduced over the past few decades to implement unemployment protection schemes including mandatory UI schemes but they have been rejected at first reading. A strategic plan is required to ensure any bill introducing a new mandatory UI scheme will be accepted by the House of Representatives. Mr. Ting, Chairperson, House of Representatives (HOR), Committee on Labour and Employment (CLE), will provide an important link to the HOR and champion a potential bill on a mandatory UI scheme. The issue of employer negativity towards the UI scheme needs to be addressed through a national dialogue and the establishment of a tripartite committee with representation from a large employer organization who would provide an objective view towards any new UI scheme.

#### 6) Role of PESO in the administration of a UI claim for benefit

The study tour delegates were impressed with the ESC administration of a UI claim for benefit which includes the Single Window Initiative (one-stop-shop). At the ESC, an unemployed worker can register for employment (a requirement to receive UI benefits) and apply for UI benefits in one location. In addition, the ESC hosts job fairs twice a week to allow employers and job seekers find work quickly. They also provide other active labour market policies such as vocational training and job seeking/resume writing workshops. All in all, they collaborate with other departments responsible for various activities in one location.

In the Philippines, it will be necessary to have a network of offices where departments can co-locate to provide essential services under the UI Act (UI benefits and Active Labour Market Policies). The Public Employment Service Office (PESO) under the direction of DOLE delivers employment related programs, projects and activities at the grassroots level. It caters to a wide range of clients which include jobseekers, employers, students, out-of-school youth, migrant workers, planners, policy makers, Legislators, labour market information users, persons with disabilities and Filipino workers. PESO is managed by local governments and appears to be de-centralized. Concern was expressed during the study tour and at the closing session that PESO would require major enhancements to manage the administration of UI claims for benefits and important linkages with ALMPs. Linking UI benefits with ALMPs requires extensive collaboration and management on a national basis. It is a significant concern that needs to be addressed or develop an alternate solution to providing the essential services of the UI program linked to effective ALMPs.

At this time, the Public Employment Service Offices (PESO) do not have the capacity to ensure the network of offices reaches all citizens in the Philippines or the staff requirements. The network of offices will need upgrading as well as enhancements made to ensure the Single Window initiative (one-stop-service) can be implemented efficiently.

#### 7) Length of Contracts in the Philippines

The Labour Act indicates employers must regularize employees once they have achieved six months of continuous employment (security of tenure). As a result, many employers will hire someone on a five month contract only to avoid this requirement and prevent employees from benefitting from employment benefits.

#### 8) The need for adequate provision in the UI Act to deal with fraud and abuse

These provisions should include administrative penalties for failing to remit the collection of contributions by employers as well as potential abuse and fraud perpetrated by unemployed workers (sometimes in collusion with employers) to collect UI benefits illegally. The Philippine officials on the study tour recognized the work done by MoLISA and VSS to protect the integrity of the UI Fund which is paramount to maintain the credibility of the UI Fund. To this end, an investigation and control unit should be established within the UI scheme (or part of a larger unit (e.g. department of labour investigators)

### 9) Investments in the UI Fund

The delegation, especially Mr. Ting, was interested about the UI Fund especially how investments are handled on contributions in excess of expenditures. BoE and VSS provided the following advice on investing excess amounts in the UI Fund:

- Provide loans to state budget;
- Buy government bonds;
- Allocate to high credit accounts in banks;
- Invest in key projects;
- No regulations for high risk ventures.

The Director General of VSS will decide the most effective way of investing the surplus in the UI Fund but collaborate with the Fund Management Council which comprises the directors of major financial ministries such as the Ministry of Finance and MoLISA. But loans and key projects can increase the percentage of investment in Viet Nam (7 to 8% return on investment). The delegation was impressed with the administration of the UI Fund and feel that this advice would benefit the Philippines in establishing a UI Fund.

### 10) New employment retention provisions in Viet Nam's employment law

As mentioned, the delegates were intrigued with the introduction of the new retention provision of the employment law. BoE pointed out that as of January 1, 2015, employers may receive financial support for training or upgrading the vocational skills of the employees for up to 6 months on four conditions:

- a) Having paid UI contributions for their employees for at least 12 months;
- b) The employer is facing "difficulties due to economic slump or due to other force majeure forcing to change the structure or technology of the production of the business;
- c) Not being able to finance such training and
- d) Having an approved plan for the proposed training.

An actuarial study urged caution in implementing this provision to ensure the new provision is administered in a uniform, fair and non-discriminatory way. It also mentioned that care should be taken by MoLISA to ensure selected employers have reasonable prospects for remaining in business.

The Philippine delegation could see potential application for the new Viet Nam retention provisions in a Philippine UI Act in order to provide assistance to employers requiring training. They see this as a motivation for employers to develop a more positive attitude towards the implementation of a UI scheme in the Philippines.

#### 11) Employer non-compliance in collection of contribution

Ms Rosemarie Edillon highlighted another area of interest by the Philippines concerning employers who do not comply with the law on paying contributions and how Viet Nam handles those situations of non-compliance. The non-compliance rate for UI contributions is approximately 50% but this only represents 8.27% of total contributions for the last fiscal year. Most issues involve small and medium sized employers who delay paying the contributions for a short time. However, they apply the provision of the act which stipulates MoLISA/VSS/BoE have the right to carry out inspections when non-compliance is present and may impose an administrative fine or apply to the courts.

## Conclusion

The Philippine government has attempted to introduce unemployment protection schemes on numerous occasions over the past decades including mandatory unemployment insurance schemes. A number of studies have also been completed highlighting which unemployment protection scheme would be the most effective for the Philippines. Virtually all attempts to pass legislation on unemployment protection have not made it past first reading.

The closing session of the Manila workshop attempted to develop a strategy to ensure a future bill on an effective mandatory unemployment insurance scheme would be successful for the workers and employers of the Philippines.

In this closing session, Mr. Antonio Asper, Federation of Free Workers, delivered a presentation on the way forward and next steps. He recommended to look at success stories both abroad and at home, make any necessary changes to institutions, enhance institutions in order to deliver an effective UI scheme with accompanying ALMPs and finally to submit a full blown proposal for action by an (expanded) TIPC. But employers and workers must play a major role in the discussions surrounding the policies and UI elements of a Philippine UI scheme.

Another suggestion is to have the ILO manage a feasibility study project similar to the process in Malaysia over the past few years. As part of this feasibility study, a tripartite committee was established headed by an objective and fair chairperson along with equal representation from government as well as employer and worker organizations (or have the TIPC assume responsibility of the tripartite committee). An employer organization would be selected to represent all employer organizations and would collaborate with these organizations throughout the national dialogue. The same would apply to the worker organization whereby they would represent all worker associations.

DOLE has presented a plan of action that could be implemented upon completion of the feasibility study that is, 1) to introduce a legislative proposal on an EI scheme, 2) form a technical working group and 3) look at linking the various partnerships collaborating with the EI/UI scheme.

But the main focus would be on a national dialogue with employers, workers and the government collaborating on the planning, design and implementation of an effective mandatory UI scheme. There would need to be an effective network of offices to provide essential services to the UI scheme and linked to enhanced ALMPs. A feasibility, actuarial and administrative studies would be conducted under the direction of the tripartite committee/TIPC to determine the best option to protect workers from unemployment situations.

## Appendices

Appendix “A” List of Participants for Viet Nam Study Tour

<b>List of Participants in the Viet Nam Study Tour – December 12 to 13, 2016</b>		
<b>#</b>	<b>Name</b>	<b>Position</b>
<b>Department of Labour and Employment (DOLE)</b>		
1.	Adeline T. De Castro	Director, Planning Services
2.	Patrick Patriwirawan, Jr.	OIC Chief Labour and Employment Officer, Institute for Labour Studies
<b>National Economic and Development Authority</b>		
3.	Ms. Rosemary G. Edillon	Undersecretary, National Development Office – Policy and Planning
4.	Ms. Girlie Grace J. Casimiro	Chief Economic Development Specialist – Social Development Staff
5.	Mr. Ivey L. Cabading	OIC Division Chief, National Policy and Planning Staff
<b>Social Security System</b>		
6.	Mr. George S. Ongkeko, Jr.	Senior Vice President and Chief Actuary
<b>Senate of the Philippines</b>		
7.	Ms. Maria Kristel Castronuevo	Office of Senator Ralph G. Recto
<b>House of Representatives</b>		
8.	Mr. Jesus S. Villahermosa	Chief Political Affairs Officer, Office of Honorable Gloria Macapagal-Arroyo
9.	Ms. Jo Ann M. Salamanca	Political Affairs Officer III – Office of Honorable Gloria Macapagal-Arroyo
10.	H.E. Mr. Randolph S. Ting	Chairperson, House of Representatives (HOR), Committee on Labour and Employment (CLE), Quezon City, Philippines
11.	Ms. Elvira Celeste De Castro	Committee Secretary, HOR, CLE
12.	Ms. Marigold Libuit Arroyo	Senior Political Affairs 1, HOR – Office of Representative Randolph Ting
13.	Ms. Dulce Diana Baluyot	Political Affairs Officer VI, HOR – Office of Representative Randolph Ting
<b>UNESCAP and Consultant</b>		
14.	Mr. John Wilfred Carter	Consultant
15.	Mr. Alberto Isgut	ESCAP Economic Affairs Officer
16.	Mr. Riccardo Mesiano	ESCAP Social Affairs Officer

Appendix “B” Breakout Session 1 - Group 1

1. What are the pros and cons of unemployment insurance (UI) schemes such as those of Korea or Viet Nam?	
ISSUES RAISED	DISCUSSION
<b>KOREA</b>	
On the strengths of Korea’s Insurance Scheme	<ul style="list-style-type: none"> <li>• <b>Among the strengths of the Korea’s Insurance Scheme are as follows:</b> <ul style="list-style-type: none"> <li>- coverage (from small to medium size)</li> <li>- affordability</li> <li>- efficient information system</li> <li>- strong central government</li> </ul> </li> <li>• Viet Nam mentioned that Korea has a reliable information system.</li> </ul>
On the areas that need to be strengthened	<ul style="list-style-type: none"> <li>• NEDA inquired on the areas of UI for that need to be strengthened/improved. Korea stressed the significance of changing the concept/educating the people on the UI to strengthen the UI.</li> <li>• <b>Korea mentioned that there are several features to be improved.</b> Korea changes their programs yearly because labor market and economy conditions change.</li> </ul>
On the challenges faced by the Korea’s UI	<ul style="list-style-type: none"> <li>• Korea mentioned that several people were against UI, initially. The UI is considered as a socialist program.</li> <li>• <b>Individuals may lose their willingness to work and only get benefits, once the UI is introduced.</b></li> <li>• <b>Lack of knowledge on the benefits of UI</b></li> <li>• It was emphasized that keeping the well-trained workers is important for the profit and competitiveness of the company.</li> </ul>
On introducing UI to the country	<ul style="list-style-type: none"> <li>• <b>There is a need to introduce/pilot the UI to the country, specifically the big companies.</b> <ul style="list-style-type: none"> <li>- Korea opined that countries with above USD 5,000 per capita GDP may introduce the UI. However, Korea introduced the UI in USD 10,000 because of philosophical issues. It was underscored that it is not piloted because of economic issues.</li> <li>- <b>NEDA inquired whether the Philippines should introduce the UI in case the employment rate of the country is high. Korea replied that the basis should be the GDP, not the employment rate.</b></li> </ul> </li> </ul>
On the money given by the employers to the displayed workers/ laid off employees	<ul style="list-style-type: none"> <li>• The most common query of employers is their provision of money to displayed workers/laid off employees. <ul style="list-style-type: none"> <li>- Meanwhile, UI seems beneficial for the Trade Union.</li> </ul> </li> </ul>
On designing the components of	<ul style="list-style-type: none"> <li>• Korea stressed the importance of the country’s design of UI’s components. He mentioned that several European</li> </ul>

UI	countries (e.g., Hungary, Germany) that introduced UI experienced bankruptcy because they cannot afford such system.
On the management of the fund	<ul style="list-style-type: none"> <li>• NEDA inquired on who should manage the fund. Korea replied that it will depend on the preference of the country and political power. <b>Korea shared that they have a strong central government.</b></li> </ul>
PH's assessment on the Korea's Employment Insurance	<ul style="list-style-type: none"> <li>• DOLE mentioned the following strengths of Korea's employment insurance: <ul style="list-style-type: none"> <li>- <b>Korea's employment insurance has an enabling mechanism such that they have several job centers and regional offices compared to the Philippines.</b> He mentioned that the Philippines has only 17 regional offices, around 6 field offices and over 1000 Public Employment Service Office (PESO). However, these offices are lodged under the LGUs. The DOLE does not have a control over these PESOs and the funding relies on the LGUs (cities and municipalities).</li> <li>- <b>Korea has a reliable information system</b> - KEIS. DOLE mentioned that the Philippines is currently developing the Philippine Employment Information System. He also shared that the Philjobnet (<a href="http://www.philjobnet.gov.ph">www.philjobnet.gov.ph</a>). However, Filipinos rely more on the private job portals (e.g., Job Street) rather than the government's job portal. DOLE added that KEIS' partnership with private companies and job portals is an advantage for Korea. <b>Hence, their information system is much integrated compared to the Philippines.</b> <ul style="list-style-type: none"> <li>➤ Such practice may be implemented in the Philippines</li> </ul> </li> <li>- <b>Korea's incentive program: provision of early re-employment allowance to the beneficiary during the benefit availment</b></li> </ul> </li> </ul>
<b>VIET NAM</b>	
On the strengths of Viet Nam's employment insurance scheme	<ul style="list-style-type: none"> <li>• <b>Viet Nam mentioned the following strengths:</b> <ul style="list-style-type: none"> <li>- <b>Payment on social security</b></li> <li>- <b>Lessened burden on the employer because s/he does not have to provide/pay "severance pay" (when the worker leaves the job)</b></li> <li>- <b>Coverage of workers</b></li> </ul> </li> </ul>
On the challenges of Viet Nam's employment insurance scheme	<ul style="list-style-type: none"> <li>• Viet Nam mentioned the following challenges: <ul style="list-style-type: none"> <li>- <b>There is a need to enhance the country's database on employment. It is recommended to adopt Korea's information system.</b> Korea's information system can access the vacancies in all regions.</li> <li>- <b>Small enterprises do not pay for their workers' UI, even social insurance. Hence, there is a need to create a legislation to cover social insurance.</b></li> <li>- <b>There is difficulty in finding a job, prior to unemployment, because of lack of skills.</b></li> <li>- <b>Lack/ absence of contracts for homeworkers</b></li> </ul> </li> </ul>
On Korea's special job centers	<ul style="list-style-type: none"> <li>• <b>Viet Nam shared her appreciation for Korea's special job centers. The special job centers may help</b></li> </ul>

	<p><b>unemployed individuals look for a job.</b></p> <ul style="list-style-type: none"> <li>• Korea shared that all job placement services in most countries belong to the public/ government. He shared that every ministry in Korea wants to provide such services. Hence, there is redundancy in service provision. <b>He stressed that there is a need to have just one job center.</b> <ul style="list-style-type: none"> <li>- The ministries aim to provide jobs for the Koreans because employment is their national agenda.</li> <li>- All participants of the job placement program/services should use worknet to organize the system.</li> <li>- NEDA mentioned that Korea is purely unemployment allowance while Viet Nam is unemployment allowance and health insurance.</li> <li>➤ Viet Nam responded that the breakdown of the UI is as follows: <ul style="list-style-type: none"> <li>- 18% - social insurance</li> <li>- 3% - health insurance</li> <li>- 1% - employment</li> </ul> </li> <li>➤ It was noted that the employer pays 24% for the UI, and such practice is cheaper for them. On the other hand, the worker pays (1) 0.5%.</li> </ul> </li> <li>• It was noted that there is a need to identify the best practices of other countries to learn which is suitable for the country.</li> </ul> <p><b>Korea and Viet Nam did not have the same perspective on Korea’s special job centers.</b></p>
<b>AGREEMENT</b>	<p><b>The following are the PROs of unemployment insurance (UI) schemes such as those of Korea or Viet Nam:</b></p> <ul style="list-style-type: none"> <li>- <b>Pilot Testing i.e., big companies</b></li> <li>- <b>Huge number of Career Counsellors</b></li> <li>- <b>Enabling Mechanism: Numerous physical offices, job centers</b></li> <li>- <b>Comprehensive Information System</b></li> <li>- <b>Incentivizing beneficiaries who obtained new employment during the availment.</b></li> <li>- <b>Strong Central Government</b></li> </ul>
<b>2. What form of UI is most suitable for the Philippines?</b>	
<b>RECOMMENDATION</b>	<b>It is recommended to adopt a Hybrid form of UI – a combination of best practices of Korea and Viet Nam.</b>
<b>BEST PRACTICES</b>	<b>DISCUSSION</b>
Coverage	<ul style="list-style-type: none"> <li>• There is a need to determine the coverage of the UI. <ul style="list-style-type: none"> <li>- For employers and employees, it is recommended to improve compliance mechanism.</li> </ul> </li> </ul>
Amount	<ul style="list-style-type: none"> <li>• There is a need to determine the amount of the insurance and benefits.</li> </ul>

Duration	<ul style="list-style-type: none"> <li>It is recommended to identify the duration of the benefits.</li> </ul>
Contribution	<ul style="list-style-type: none"> <li>Identify the amount of contribution</li> <li>It was mentioned that the Trade Union used to propose the inclusion of UI in the SSS. However, there may be duplication on the contribution.</li> <li>It is recommended to that the government may provide endowment. It was pointed out that the government may provide such assistance because the present scheme cannot cover UI.</li> <li>The government may provide seed fund.</li> </ul>
Financing	<ul style="list-style-type: none"> <li>There is a need to determine the source of funding.</li> <li>Identify other/alternate sources of funds, aside from contribution</li> </ul>
<b>ISSUES RAISED</b>	<b>DISCUSSION</b>
On having a pilot	<ul style="list-style-type: none"> <li>It is recommended to pilot the UI in one industry. NEDA mentioned that one of the pre- conditions to cover a UI is having a high per capita income. It was explained that income should be high enough for UI be an incentive for the worker.</li> <li>It was mentioned that the government absorbs the administrative cost of social security, such that the contribution goes purely/entirely to benefits. Hence, the government's subsidy to social insurance is the administration cost such that the entire contribution goes to investment.</li> </ul>
On Viet Nam's contributions	<ul style="list-style-type: none"> <li>Vietnam shared that the contributions for the UI come from the employer (1%) and employee (1%). Currently, the employer pays 0.5% for the UI.</li> </ul>
Other recommendations	<ul style="list-style-type: none"> <li>Government can provide funds for UI.</li> <li>Improve the compliance mechanism</li> <li>May be introduced/piloted in one industry</li> </ul>
<b>3. What are the main challenges in transitioning to a UI scheme, including its funding?</b>	
<b>CHALLENGES</b>	<b>DISCUSSION</b>
On the coverage of workers repatriated work	<ul style="list-style-type: none"> <li>Sought clarification on the issue of coverage of the UI (e.g., UBER drivers, farmers)</li> <li>If the coverage is limited to the formal employees, how long will the employment benefits be provided?</li> </ul>
On contribution and financing	<ul style="list-style-type: none"> <li>It was mentioned that the Korea's UI is purely composed of contribution.</li> <li>It was noted that there are two types of social security in the Philippines: 1) Private and 2) Government. He explained that the contribution for government employees is high while the contribution which makes their pension high. On the other hand, the low contribution from private employees makes their pension low.</li> <li>LUBE inquired on the amount of contribution and alternative financing methods (alternative source of funds) <ul style="list-style-type: none"> <li>➤ PhilHealth Insurance – substantially upgraded its benefits because of the sin tax. Its contribution based with additional income from taxes. Senior citizens and indigents are automatically covered because of the</li> </ul> </li> </ul>

	<p>additional contributions/alternative source.</p> <ul style="list-style-type: none"> <li>➤ SSS is purely contribution-based. As such, it cannot raise a high amount of pension. Without additional contribution, it is not feasible/viable.</li> <li>• NEDA inquired on Viet Nam’s contribution scheme. Currently, Viet Nam’s employers and employees contribute 1% each.</li> <li>• NEDA inquired whether such coverage also includes the medical/health insurance. Viet Nam answered in the affirmative.</li> </ul>
On the amount and benefits of contribution	<ul style="list-style-type: none"> <li>• There is a need to determine the amount and benefits of contribution.</li> </ul>
On the lack of career guidance	<ul style="list-style-type: none"> <li>• The officers in PESOs are not career guidance individuals. <ul style="list-style-type: none"> <li>➤ PESO officers only facilitate job fairs and utilize philjobnet</li> <li>➤ There is a need to make the philjobnet/ information system efficient and effective.</li> <li>➤ Make the philjobnet be number one job portal choice of the jobseekers</li> <li>➤ DOLE suggested to collaborate with companies with regard to the information system</li> </ul> </li> </ul>
<b>AGREEMENT</b>	<p><b>The group opined that the main challenges in transitioning to a UI scheme are as follows:</b></p> <ul style="list-style-type: none"> <li>• <b>Coverage of workers</b></li> <li>• <b>Amount and benefits of contribution</b></li> <li>• <b>Financing</b></li> <li>• <b>Legislation</b></li> </ul>
<p>4. To what extent should the Philippines adopt Active Labour Market Policies (ALMPs), and which ALMPs do you consider to be the most effective for the Philippines?</p>	
<b>ISSUES</b>	<b>DISCUSSION</b>
On the PH’s labor market policies	<ul style="list-style-type: none"> <li>• DOLE informed the group that there are existing labor market/employment policies, however, it is not entitled as ALMPs.</li> <li>• DOLE shared that they have employment facilitation through their Public Employment Service Offices (PESO).</li> <li>• In terms of pushing for UI and proper legislation, DOLE ALMPs consist of employment facilitation (i.e., employment coaching and guidance), labor market information dissemination, and labor forecast. All these materials are printed and available online.</li> <li>• There is an existing DOLE Adjustment Measures Program, a social protection program which provides unemployment related benefits for displaced workers. This includes employment facilitation, livelihood training and skills development (in partnership with TESDA).</li> </ul>
On the financial support for the	<ul style="list-style-type: none"> <li>• DOLE has financial support for displaced workers. The funding of the financial support came from the General</li> </ul>

displaced workers	Appropriations Act (GAA).
On the government initially funding the UI	<ul style="list-style-type: none"> <li>• The representative from DOLE supported the idea of the government initially funding the UI because it is currently being implemented in DOLE’s program. However, there is no existing appropriate legislation for the program to be continuous. <ul style="list-style-type: none"> <li>➤ The benefits provided range from around Php 7000 to Php 30,000, depending on the status of employment (e.g., permanent, non-permanent, contractual, part-time, full-time etc.).</li> <li>➤ NEDA inquired if DOLE’s assistance program includes OFWs. DOLE replied that there is another agency responsible for OFWs’ assistance. The schemes are similar, but there is a difference on the computation of financial support (e.g., 6-month support for a permanent/regular employee; 3-month support for non-permanent).</li> <li>➤ Since the DOLE’s assistance program is funded by the GAA, it should be then appropriated yearly.</li> </ul> </li> </ul>
On the lack of employment’s skills	<ul style="list-style-type: none"> <li>• PMAP mentioned that DOLE can provide/recommend jobs for the unemployed, however, most unemployed individuals lack skills (and training), specifically communication, problem solving/ critical thinking and initiative. Hence, there is a need to train these individuals. <ul style="list-style-type: none"> <li>➤ NEDA inquired whether the skills needed were identified. PMAP replied that it depends on the job available or required by certain companies.</li> <li>➤ NEDA inquired whether the K to 12 program will solve the employees’ need for skills and training. PMAP replied that they are hopeful.</li> <li>➤ It was mentioned that the Philippines’ lack industry associations that facilitate/provide training</li> </ul> </li> </ul>
<b>AGREEMENT</b>	<p><b>The group identified the most effective ALMPs for the Philippines, as follows:</b></p> <ul style="list-style-type: none"> <li>• <b>Job referral and matching</b></li> <li>• <b>Career counselling</b></li> <li>• <b>Labor market information</b></li> <li>• <b>Skills training</b></li> <li>• <b>Information System</b></li> </ul>

**BREAKOUT SESSION 1 - Group 2**

1. What are the pros and cons of unemployment insurance (UI) schemes such as those of Korea or Viet Nam?						
	STRUCTURE/ PLAN DESIGN	COVERAGE	BENEFITS	FUNDING	ADMINISTRATION	CONTRIBUTION RATE
KOREA	Employment insurance	- too many exclusions	<u>Comprehensive benefits</u> - unemployment allowance with skills training; internship - has preventive component	Workers and employers	- Ministry of Employment and Labor - Korean Employment and Information System (KEIS)	Employer: 0.65 Employee: 0.65 TOTAL : 1.30  Allocate 1% from current 11% (needs legislation)
VIETNAM	Unemployment insurance	- more inclusive; has lesser exclusions relative to Korea	<u>Comprehensive benefits</u> - unemployment allowance with skills training; internship - has preventive component	Workers, employers and government	- MOLISA (government administration)	Tripartite Employer : 1% Employee: 1%
2. What form of UI is most suitable for the Philippines? GROUP PROPOSAL FOR PHILIPPINES EMPLOYMENT INSURANCE SYSTEM						
Employment insurance		Comprehensive coverage - includes formal, informal workers and government employees	Cash allowance plus ALMP programs (from counselling to skills training, job matching, job placement)  To include payment for victims of contingencies/ calamities and moratorium on payment of statutory/ mandatory obligations	Tripartite – workers, employers and government	Use existing structure (SSS/GSIS) to save on administrative cost	Workers : 0.5 Employers: 0.5 Government : 0.5 TOTAL : 1.5%

		Severance pay may be credited			
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**3. What are the main challenges in transitioning to a UI scheme, including its funding?**

ISSUES	AGREEMENTS	DISCUSSION
<ul style="list-style-type: none"> <li>On transitioning</li> </ul>	<ul style="list-style-type: none"> <li>Conduct actuarial study, consultations then legislative proposal, lastly adoption and implementation</li> </ul>	
<ul style="list-style-type: none"> <li>Funding</li> </ul>	<ul style="list-style-type: none"> <li>Funding is contributory from tripartite partners</li> <li>Develop a defined benefit schedule and cap on administrative cost</li> </ul>	

**4. To what extent should the Philippines adopt Active Labour Market Policies (ALMPs), and which ALMPs do you consider to be the most effective for the Philippines?**

ISSUES	AGREEMENTS	DISCUSSION
<ul style="list-style-type: none"> <li>Implementation issues</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in the implementation of existing ALMPs</li> </ul>	
<ul style="list-style-type: none"> <li>Funding</li> </ul>	<ul style="list-style-type: none"> <li>Should have seed money for initial funding from the government</li> </ul>	
<ul style="list-style-type: none"> <li>Coordination of DOLE-PESO, DTI, DSWD, TESDA, CHED, DepEd, NEDA, employer organizations/ industry associations</li> </ul>	<ul style="list-style-type: none"> <li>Should have close coordination among concerned agencies</li> </ul>	
<ul style="list-style-type: none"> <li>Extent of ALMP to adopt</li> </ul>	<ul style="list-style-type: none"> <li>Generally, Philippines has good ALMPs but challenge in implementation</li> <li>Strengthen job-matching mechanisms and rules/standards</li> <li>Improvement of ICT management and commercial use</li> </ul>	

**BREAKOUT SESSION 1 - GROUP 3**

Issues	Discussions	Agreements
<b>1. What are the pros and cons of unemployment insurance (UI) schemes such as those of Korea or Viet Nam?</b>		
<ul style="list-style-type: none"> <li>• Employment insurance vs Unemployment insurance.</li> </ul>	<ul style="list-style-type: none"> <li>• The use of Employment Insurance rather than Unemployment Insurance – it’s more on preventing unemployment.</li> <li>• Unemployment Insurance pay temporary scheme.</li> </ul>	
<ul style="list-style-type: none"> <li>• The components of the insurance schemes</li> </ul>	<ul style="list-style-type: none"> <li>• Pro – covered by one institution. In the Philippines, separate institutions covers for Private and Government workers.</li> <li>• Pro - UI is preferred by the employers instead of the severance pay.</li> <li>• Pro - Given the big population of workers, it is suggested to categorized employers with a minimum number of employees (e.g. employers with 30 or more workers are covered by the UI).</li> <li>• Con - In Viet Nam, labor contract for 3 months and above are covered by the UI. But Private sectors are treated separately.</li> <li>• Con – Informal sector is not covered in the unemployment insurance scheme.</li> </ul>	<ul style="list-style-type: none"> <li>• Follow and/or pay more attention the schemes that is more adoptable in the Philippines since formal sector is bigger than the informal sector.</li> </ul>
<b>2. What form of UI is most suitable for the Philippines?</b>		
<ul style="list-style-type: none"> <li>• Severance pay</li> </ul>	<ul style="list-style-type: none"> <li>• Severance pay should be distributed on a monthly scheme.</li> </ul>	<ul style="list-style-type: none"> <li>• UI is the most suitable scheme in the Philippines</li> </ul>
<ul style="list-style-type: none"> <li>• Target beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• 3 months contribution with a maximum of 6 months allowance when unemployed.</li> </ul>	

Issues	Discussions	Agreements
<ul style="list-style-type: none"> <li>• How will UI be implemented in the Philippines?</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory to all private sector workers while voluntary for self-employed workers.</li> </ul>	
<b>3. What are the main challenges in transitioning to a UI scheme, including its funding?</b>		
<ul style="list-style-type: none"> <li>• Severance pay vs Unemployment Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Depending on the grounds of termination of the employee. The idea is we cannot get both insurance schemes.</li> <li>• The severance pay are caused by the decision by the employer (just or unjust). While the UI are caused by economic shocks.</li> </ul>	<ul style="list-style-type: none"> <li>• Cannot remove the severance pay due to the existence of the law</li> <li>• In UI, there is need to determine how much to be contributed and how much will be paid to the workers in case of unemployment.</li> </ul>
<ul style="list-style-type: none"> <li>• Government contribution to UI</li> </ul>	<ul style="list-style-type: none"> <li>• Convince the government that this is a social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Start with a seed fund</li> </ul>
<ul style="list-style-type: none"> <li>• Executive vs Legislative Body</li> </ul>	<ul style="list-style-type: none"> <li>• In implementing the UI, the need to ensure that the schemes are clear on both executive and legislative bodies.</li> </ul>	
<ul style="list-style-type: none"> <li>• Linking poverty to employment</li> </ul>	<ul style="list-style-type: none"> <li>• Need to consider the issue of the vulnerable sector who mostly working in the informal sector and newly graduate students who are unemployed.</li> <li>• Mandatory scheme is applicable to regular workers.</li> <li>• In Bahrain, when the employee reach within 6 months, the government is required to contribute to UI.</li> </ul>	<ul style="list-style-type: none"> <li>• Studies must be done especially for the newly graduate students.</li> </ul>
<ul style="list-style-type: none"> <li>• SSS to cover the informal workers</li> </ul>	<ul style="list-style-type: none"> <li>• Burden for the regular workers since they are also contributing for the informal sector</li> <li>• Collection rate of SSS.</li> </ul>	

Issues	Discussions	Agreements
	<ul style="list-style-type: none"> <li>Stability of SSS</li> </ul>	
<b>4. To what extent should the Philippines adopt Active Labour Market Policies (ALMPs), and which ALMPs do you consider to be the most effective for the Philippines?</b>		
<ul style="list-style-type: none"> <li>Job matching and counselling</li> </ul>	<ul style="list-style-type: none"> <li>PESO attached to DOLE however, since it is part of the local government unit most decisions influenced by local executives.</li> </ul>	

Appendix “c” Breakout Session 2 - **GROUP 1**

Element	ILO 102 (1952): Social Security (Minimum Standards Convention)	ILO 168 (1988): Employment Promotion and Protection against Unemployment (also recommendation 176)	How such elements are addressed in the case of Viet Nam? (See ANNEX A)	How each element could be addressed in the case of the Philippines?

Element	ILO 102 (1952): Social Security (Minimum Standards Convention)	ILO 168 (1988): Employment Promotion and Protection against Unemployment (also recommendation 176)	How such elements are addressed in the case of Viet Nam? (See ANNEX A)	How each element could be addressed in the case of the Philippines?
<b>Contingency</b>	Suspension of earnings due to inability to obtain suitable employment in the case of a person protected who is capable of and available for work	Contingencies include: -Full unemployment i.e. loss of earning due to inability to obtain suitable employment by a person capable of, available for and seeking work;  -Partial unemployment, i.e. temporary reduction in normal or statutory work hours;  -Temporary suspension of work without breaking employment relationship, leading to suspension or reduction of earning.	Suspension of earnings due to inability to obtain suitable employment in the case of a person protected who is capable of and available for work.	Suspension of earnings due to inability to obtain suitable employment in the case of a person protected who is capable of and available for work.  Full unemployment i.e. loss of earning due to inability to obtain suitable employment by a person capable of, available for and seeking work;  Partial unemployment, i.e. temporary reduction in normal or statutory work hours;  Temporary suspension of work without breaking employment relationship, leading to suspension or reduction of earning.
<b>Coverage</b>	at least 50 % of employees	at least 85 % of employees	Before Jan 1, 2015: All private sector workers excluding seasonal workers (contract < 1 yr) and those	All private sector workers without regards to length of employment and number of employees.

Element	ILO 102 (1952): Social Security (Minimum Standards Convention)	ILO 168 (1988): Employment Promotion and Protection against Unemployment (also recommendation 176)	How such elements are addressed in the case of Viet Nam? (See ANNEX A)	How each element could be addressed in the case of the Philippines?
			<p>who work for small enterprises (employers with &lt; 10 workers).</p> <p>After Jan 1, 2015: All private sector workers without regards to length of employment and number of employees.</p>	Consider different scheme for seasonal workers.
<b>Financing</b>	Workers pay no more than 50%	Government Ultimate Guarantor	<p>Before Jan 1, 2015: Government 1% Employers 1% Workers 1%</p> <p>After Jan 1, 2015: Government up to 1% Employers 1% Workers 1%</p>	<p>Government 1/3 (plus provide initial seed fund)</p> <p>Employers 1/3</p> <p>Employees 1/3</p>
<b>Qualifying Conditions</b>	prescribed rate is 45%	<ul style="list-style-type: none"> <li>- No sufficient amount of contributions: Qualifying period no longer than necessary to preclude abuse</li> <li>- Reason for Separation: Allows for denial or reduction of UI benefits when the person</li> </ul>	Unemployed worker must have a minimum of 12 full months of insurable employment in the 24-month period prior to termination.	All private unemployed worker (except seasonal workers) with 12 full months of insurable employment

Element	ILO 102 (1952): Social Security (Minimum Standards Convention)	ILO 168 (1988): Employment Promotion and Protection against Unemployment (also recommendation 176)	How such elements are addressed in the case of Viet Nam? (See ANNEX A)	How each element could be addressed in the case of the Philippines?
		voluntarily quits or is dismissed		
<b>Amount of Benefits</b>	At least 45% of previous earnings	prescribed rate is at least 50%	The benefit rate is 60% of the monthly average salary over last 6 consecutive months.	Decreasing monthly rates with incentive scheme for early re-employment
<b>Duration of Benefits</b>	At least 13 weeks of benefit per year	For full unemployment, benefits may be initially provided for 26 weeks in each unemployment spell, or 39 weeks over any period of 2 years.	The duration of benefits is based on number of months of insurable employment according to the following: -Between 12 to 35 months of insurable employment = 3 months of benefit; -Between 36 to 71 months = 6 months of benefit; -Between 72 to 143 months = 9 months of benefit; -144 months or greater = 12 months of benefit.	Relative to the length of insurable employment and age
<b>Types of Active Labour Market Policies (ALMPs)</b>				Improved PESO in terms of implementation, funding and technical support and capacity-building  Coordination of concerned NGAs and labor market partners  Technical vocational

Element	ILO 102 (1952): Social Security (Minimum Standards Convention)	ILO 168 (1988): Employment Promotion and Protection against Unemployment (also recommendation 176)	How such elements are addressed in the case of Viet Nam? (See ANNEX A)	How each element could be addressed in the case of the Philippines?
				education - focus on training for the jobs needed in the future - strengthen senior high school education  Polytechnic education
<b>Role of government</b>	The State must accept general responsibility for proper administration of the fund and the due provision of benefits, and take all necessary measures to achieve this, including regular actuarial reviews and financial assessments.	The State is responsible for the sound administration of the institutions and services. Representatives of beneficiaries, employers and public authorities may participate in the administration.	The government of Viet Nam accepts the responsibility to act as guarantor to the UI Fund.	Guarantor and administrator
<b>Administration and departmental arrangements</b>	By an institution regulated by the public authorities or a government department responsible to a legislature;  If not, representatives of protected persons must		Viet Nam Social Security (VSS): Responsible for the collection of contributions and overall authority to impose penalties in cases of fraud and abuse;  Ministry of Labour, Invalids and Social Affairs (MoLISA): Overall management of the	Administrator: SSS Policy : DOLE, NEDA Service center : PESO

Element	ILO 102 (1952): Social Security (Minimum Standards Convention)	ILO 168 (1988): Employment Promotion and Protection against Unemployment (also recommendation 176)	How such elements are addressed in the case of Viet Nam? (See ANNEX A)	How each element could be addressed in the case of the Philippines?
	<p>participate in the management or be associated in a consultative capacity;</p> <p>Representatives of employers and public authorities may also participate.</p>		<p>Unemployment Insurance Program;</p> <p>Department of Labour, Invalids and Social Affairs (DoLISA): Provides advice and guidance to the ESCs</p> <p>Bureau of Employment (BoE): provides advice and guidance to the (ESCs)</p> <p>Employment Service Centers (ESCs): responsible for the processing of claims for UI benefit at the provincial/local level</p>	

**BREAKOUT SESSION 2 - GROUP 2**

Element	How each element could be addressed in the case of the Philippines?
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<b>Contingency</b>	It is recommended to adopt ILO 168 because the Philippines' has already started implementing it (e.g., DOLE's adjustment measures program for the displaced teachers, upon the implementation of K to 12).
<b>Coverage</b>	<ul style="list-style-type: none"> <li>• It is recommended to cover all private and government employees, but will still clarify Viet Nam's reason for changing the policy after January 1, 2015.</li> <li>• There should be a specific definition of "unemployed".</li> <li>• It is recommended to review the entitlement from GSIS.</li> </ul> <p>Limitations: If separation is questioned, should the assistance/benefit still be provided?</p>
<b>Financing</b>	<p>Proposed Financing:</p> <p>Government: 0.5%, initial seed fund Employers: 0.5% Workers: 0.5%</p>
<b>Qualifying Conditions</b>	The group recommends that the unemployed worker should have a minimum of 6 full month's insurable employment in the 12-month period prior to termination to qualify (as stipulated in the labor code).
<b>Entitlement Conditions</b>	<ul style="list-style-type: none"> <li>• It is recommended to adopt Viet Nam's approach. <ul style="list-style-type: none"> <li>- Must meet the number of insurable months of contributions</li> <li>- Must register within one month of the termination date at DOLE/PESO.</li> <li>- Separation from employment can be voluntary or involuntary</li> <li>- If the unemployed worker is qualified, the benefit will be given after ten working days.</li> <li>- To continue to receive benefits, unemployed workers must report monthly for job seeking at DOLE/PESO.</li> </ul> </li> </ul>
<b>Benefit and amount duration</b>	<ul style="list-style-type: none"> <li>• The benefit range is at least 50% of the monthly salary over last 6 consecutive months.</li> <li>• The duration of benefits is based on the number of months of insurable employment</li> <li>• For every 6 months of contribution - maximum 2 months of benefit</li> <li>• It is recommended to adopt Korea's re-employment allowance. <ul style="list-style-type: none"> <li>- 50% of the claimant's remaining amount</li> </ul> </li> </ul>
<b>Maximum monthly benefits</b>	N/A
<b>Waiting period</b>	Within 10 working days
<b>Start and timing of</b>	First payment for the period following the initial 10 days of unemployment following termination and paid on a monthly basis.

<b>benefits</b>	
<b>Suspension of benefits</b>	<ul style="list-style-type: none"> <li>• The individual is entitled to claim the benefits regardless of form of separation (i.e., voluntary or involuntary), labor dispute and violation. <ul style="list-style-type: none"> <li>- It is recommended to have a joint information system maintained by DOLE, SSS and GSIS to monitor the claimants.</li> </ul> </li> </ul>
<b>Fraud and abuse</b>	Viet Nam's approach will require legislation.
<b>Right to appeal</b>	It is recommended to submit the appeal to the Regional Director and then to the Secretary of Labor.
<b>Role of government</b>	It is recommended to adopt ILO 168.
<b>Administration and departmental arrangements</b>	<ul style="list-style-type: none"> <li>• There should be an inter-agency collaboration (e.g., DSWD, TESDA and other agencies). <ul style="list-style-type: none"> <li>- DOLE will be the lead agency.</li> <li>- Labor and management representatives may also participate.</li> <li>- Monitoring will be under DOLE.</li> </ul> </li> </ul>

**BREAKOUT SESSION 2 - GROUP 3**

The groups will review the necessary elements for an unemployment protection scheme, the recommendations in ILO conventions 102 and 168 for such elements, and how such elements are addressed in the case of Viet Nam. With this information (Annex A), the participants will discuss how each element could be addressed in the case of the Philippines?

Element (refer to Annex A)	How each element could be addressed in the case of the Philippines?
<b>Contingency</b>	<ul style="list-style-type: none"> <li>▪ ILO 168 on contingency can be applied the Philippines.</li> </ul>
<b>Coverage</b>	<ul style="list-style-type: none"> <li>▪ Correction on Viet Nam Discussion - “After January 1, 2015, public sectors are also covered and at least 3 months of length in service.”</li> <li>▪ The group agreed UI should cover regular public and private employees. Non-regular employees should also be covered but there is no consensus on whether they will be covered immediately or at some later time.</li> <li>▪ Uniformed men and domestic workers are also covered in the UI.</li> <li>▪ Voluntary coverage of self-employed</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>▪ Employers, workers, and government should fund UI.</li> </ul> <p>Breakdown of UI</p> <ul style="list-style-type: none"> <li>▪ Employee – 1%</li> <li>▪ Employer – 2%</li> <li>▪ Government – will guarantee in case of shortfall. Possible seed fund is considered.</li> </ul>
<b>Qualifying Conditions</b>	<ul style="list-style-type: none"> <li>▪ 6 month of contribution within the 12 month period</li> </ul>
<b>Entitlement Conditions</b>	<ul style="list-style-type: none"> <li>▪ Correction on Viet Nam Discussion – “must register within 3 working months of the termination date at an Employment Service Center.”</li> <li>▪ Register for employment within 1 month.</li> <li>▪ Voluntary separation from employment is not included.</li> <li>▪ Monthly job seeking interviews for unemployed workers on continuing claim.</li> </ul>
<b>Benefit amount and duration</b>	<ul style="list-style-type: none"> <li>▪ Benefit Amount – 50% of previous earnings</li> <li>▪ Benefit duration – Viet Nam Model is applicable</li> <li>▪ Starting at 3 months of benefit at 50% of previous earnings</li> </ul>
<b>Maximum monthly benefits</b>	<ul style="list-style-type: none"> <li>▪ 20x the minimum wage</li> </ul>

The groups will review the necessary elements for an unemployment protection scheme, the recommendations in ILO conventions 102 and 168 for such elements, and how such elements are addressed in the case of Viet Nam. With this information (Annex A), the participants will discuss how each element could be addressed in the case of the Philippines?

Element (refer to Annex A)	How each element could be addressed in the case of the Philippines?
<b>Waiting period</b>	<ul style="list-style-type: none"> <li>▪ Follow the ILO 102 recommendation on maximum 7 days</li> </ul>
<b>Start and timing of benefits</b>	<ul style="list-style-type: none"> <li>▪ 8<sup>th</sup> day following termination and application of UI benefits; on a monthly basis</li> </ul>
<b>Suspension of benefits</b>	<p>Reasons for Suspension</p> <ul style="list-style-type: none"> <li>▪ Leaving the country for work and/or leisure.</li> <li>▪ In jail when convicted of a crime.</li> <li>▪ Note: can receive UI even if receiving other social security/health benefits</li> <li>▪ Fraudulent claim</li> <li>▪ Dismissal for cause</li> <li>▪ Fail to comply</li> <li>▪ Voluntary resignation</li> </ul>
<b>Fraud and abuse</b>	<ul style="list-style-type: none"> <li>▪ Establish investigation control unit</li> </ul>
<b>Right to appeal</b>	<ul style="list-style-type: none"> <li>▪ Yes</li> <li>▪ Use the existing system of SS/GSIS.</li> </ul>
<b>Role of Government</b>	<ul style="list-style-type: none"> <li>▪ The government to act as guarantor to the UI Fund</li> </ul>
<b>Administration and Departmental Arrangements</b>	<ul style="list-style-type: none"> <li>▪ Better hold the administration and arrangements in the current system. In the Philippines, the GSIS and SSS for public and private sector, respectively, can collect contribution, process claims, and payment of benefits.</li> <li>▪ Department of Labor and Employment (DOLE) will handle the registration of employment and employment facilitation activities.</li> </ul>