

**Six Month Review Report
on the Implementation of the
Vietnamese
Unemployment Insurance Scheme**

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SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

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Acronyms

DoLISA	Department of Labour, Invalids and Social Services (provincial-level departments, Vietnam)
ESC	Employment Service Centre
BoE	Bureau of Employment
GSO	General Statistics Office of Vietnam
HI	Health Insurance
ILO	International Labour Organization
ILSSA	Institute of Labour Science and Social Affairs (MoLISA)
LMI	Labour Market Information
MoLISA	Ministry of Labour, Invalids and Social Services (central government of Vietnam)
PGCL	Provincial General Confederation of Labour
PLO	Public Liaison Officer
RoE	Record of Employment
SI	Social Insurance
UI	Unemployment Insurance
VCCI	Vietnam Chamber of Commerce and Industry
VGCL	Vietnam General Confederation of Labour
VSS (or VSI)	Vietnam Social Security (also known as Vietnam Social Insurance)

NB – at July 27, 2010, the currency exchange rate was VND 19,050 = 1 USD

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EXECUTIVE SUMMARY

1. Introduction

For the first time in its history, the country of Vietnam implemented an Unemployment Insurance (UI) scheme to strengthen the social security protection for unemployed workers. Pursuant to the Law on Social Insurance¹ and to the UI Decree², contributions under the scheme started on January 1, 2009 and benefits started to be paid on January 1, 2010. The Bureau of Employment (BoE) under the Ministry of Labour, Invalids and Social Affairs (MoLISA) is responsible for administering the UI scheme and the benefit delivery system. The Vietnam Social Security (VSS) department, a separate agency reporting to the Prime Minister, is responsible for the collection of contributions and the disbursement of benefits.

The International Labour Organization (ILO) assists the country of Vietnam in managing projects such as the implementation of the UI scheme. Funding and assistance are also provided by the European Union's Labour Market Project in Vietnam.

As per the concept paper outlining a road map to enhance the UI scheme in Vietnam, it was decided to proceed with the present review study in June 2010 and with an actuarial study in 2011. The purpose of the review was to look at the implementation progress over the first six months of 2010, since claims were first filed in Employment Service Centres (ESCs).

The scope included outputs against UI related laws, policies and procedures in order to provide suggestions for improving the UI scheme in the short and long term. The review also covered issues such as quality services as well as strategic management issues dealing with claim workload, staffing and training. It also included a review of information and monitoring systems as well as the need for additional reports and data for the actuarial study in 2011.

The review and proposals take into account ILO social security standards, notably the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168), worldwide-agreed social security principles and international practice.

The review team was composed of two international consultants and a project co-ordinator from the ILO as well as four members of Bureau of Employment staff with policy, procedural and financial expertise. The methodology consisted of meetings which were held in Hanoi, Binh Duong, Ho Chi Minh City and Da Nang from June 22 to July 1, 2010. The review team visited five employers – two in Hanoi and Binh Duong and one in Da Nang. A survey questionnaire was also completed by unemployed workers who received services from staff at the Employment Service Centre. A workshop was conducted on July 6th at Ha Long Bay to outline and discuss the preliminary findings and recommendations as a result of the review study.

The survey of unemployed workers showed that they were satisfied with the service they received at ESCs but were concerned with the complicated procedures that workers must follow in order to receive UI benefits. However, the results must be qualified given the low number of responses and it is recommended to conduct a more comprehensive survey later.

¹ Law on Social Insurance No. 71/2006/QH11, adopted June 29, 2006.

² Decree detailing and guiding the implementation of a number of articles of the Social Insurance Law concerning Unemployment Insurance, No. 127/2008/ND-CP, adopted December 12, 2008.

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2. Findings and Potential Solutions

Overall, the implementation of the new UI scheme was a success but there are a number of major issues which need to be addressed both in the short and long term.

2.1 *Unemployment Insurance Implementation – Overall, a Success*

From January 1 to June 14, 2010, no fewer than 81,273 unemployment registrations and 56,153 UI benefit applications were processed under the new UI scheme. This represents a clear success, achieved through the development of clear UI policies and guidance, notably the introduction of a procedures manual and the training of key staff, the establishment of sound management mechanisms at both central and provincial agencies, as well as by building close working relationships between ESCs and DoLISA as well as with VSS.

2.2 *Workflow Problems with Social Insurance Book*

Delays in obtaining the Social Insurance Book have been repeatedly cited as preventing many unemployed workers from qualifying for UI benefits. Those delays occur because of employer lateness in paying their UI contributions, or simply because the routing of the SI Book is a complicated one, as it travels from the employer to the local VSS office, back to the employer, then to the unemployed worker and finally to the Employment Service Center.

A number of short and long-term solutions have been proposed to deal with these problems. Urgent short-term solutions involve administrative changes, such as having VSS local offices give priority to UI claims, ESCs taking UI claims on a temporary basis while the SI Book is being processed, and allowing some backdating of UI claims. In the medium to long-term, we recommend a number of significant legislative changes: first, by treating employment as insured even if an employer has been delinquent in paying UI contributions; second, by providing flexibility with regards to the timeframes for filing claims; third, by imposing stiffer penalties on delinquent employers and fourth, at some future date, removing any reference to the SI Book entirely, by having employers submit Records of Employment directly to ESCs.

2.3 *Issues with Coverage and Collection of Contributions*

Coverage provisions under the UI scheme seem relatively straightforward, with all employers and employees covered, except employers with less than 10 employees. But the application of this threshold is somewhat complex: the limit of 10 requires is met by counting all workers with contracts of more than 3 months, but UI coverage and contributions only apply to those with indefinite contracts or contracts of at least 12 months. This count must be performed on the 1st day of each month, and once an employer unit is covered, its permanent employees are covered till year end, even if the total employee count subsequently drops below 10.

This type of provision also used to apply to the Health Insurance scheme, and was abandoned. We recommend eliminating this coverage exception from the UI scheme, in order to simplify procedures for employers and VSS, to expand coverage and to avoid an incentive for employers to create fictitious short-term work arrangements. Similar provisions were also removed from the Employment Insurance System in South Korea, leading to a successful expansion in coverage. Offsetting compensation might be provided to small employers, but we warn against creating a costly precedent for the other Social Insurance regimes.

The government should also clarify its own situation concerning the contributions that the legislation requires it to make to the UI scheme, and which have apparently not been remitted.

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2.4 Additional Assistance Needed for Larger ESCs

Over half of all registrations for unemployment and applications for UI benefits are processed at the two largest Provincial Employment Service Centres – Binh Duong and Ho Chi Minh City. Both ESCs are well organized and have good operational strategies in place to process applications for benefit. But the sheer number of registrations and applications are overwhelming the two offices.

They also require additional space with adequate waiting areas. In addition, they need additional supplies such as tables and chairs. It is recommended that new staff be deployed as quickly as possible to assist these offices as well as fast tracking commitments for additional space and other requirements.

There is also a need to develop some type of resource determination model to allocate UI staff amongst offices in the future. One step in this process involves “Time and Motion” studies to determine the length of time for the various activities in processing a claim. These studies should be conducted nationally by BoE with a good cross sampling of activities in both large and small centres.

For those ESCs which have underutilized staff because of small claims intake, it is recommended that some staff be allocated to disseminate information on UI to employer/worker groups as “Public Liaison Officers” (see Section 2.6 for more details).

Also, all future allocations of new staff should be considered only for those ESCs with large or medium claims intake to compensate for the shortage of staff in locations such as Ho Chi Minh City and Binh Duong as well as in other ESCs with large or medium intakes.

2.5 Structural Changes needed for Organization

In discussing the implementation with BoE management, it became apparent that the organizational structure is somewhat disjointed, with BoE in charge of ESCs but provincial DoLISA also responsible for managing them. Through the ESC network, BoE is responsible for receiving claims, for assessing their eligibility and calculating the benefits but ultimately can only offer their opinion on whether or not an unemployed worker should receive payment. The formal decision on entitlement is made by the director of DoLISA while the actual payment of benefits is made by VSS (at the local SI).

Additionally, a number of comments were made concerning the time it took to initiate a UI claim as well as the number of visits which claimants had to make to the Employment Service Center (ESC) or to the local SI. On balance, the number of required visits to public offices nevertheless seemed reasonable to us (nine over 3 months), provided however that accessible, prompt and efficient services can be provided.

It is our recommendation that BoE should assume full responsibility for all ESCs, whether they be main processing centres or satellite offices, in order to ensure continuity of policies, of procedures and of service throughout the delivery system. Also, we recommend that ESCs assume responsibility for all steps in the processing of claims including the final decision on UI payment and eventually the payment of UI benefit.

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2.6 Communications during and after Implementation Period

While a great deal of information was initially disseminated at the time of implementation, most stakeholders agreed that there needs to be an ongoing and sustained effort to improve the level of knowledge that employers and workers have about the UI scheme. This issue was consistently raised in our meetings with the stakeholders.

We recommend that a “best practices” list of activities be developed from those employers who are performing an exemplary job of disseminating information to their workers. In addition, we recommend the creation of a new position within the ESC entitled “Public Liaison Officer” whose main function would be to liaise with employers and worker groups to present information at workshops and meetings and increase the level of knowledge with these groups. It is further recommended that BoE provide a tool kit to be used by the Public Liaison Officers such as PowerPoint presentations, handouts, notes, leaflets, newspaper articles and videos explaining UI (could also be used in waiting areas of ESCs).

2.7 Procedure Changes/Streamlining and Standardizing

BoE have conducted a review of procedures and plan to amend Circular 04 in the near future. Some of the amendments address clarification of wording, others add backdating provisions for those who register their unemployment status late or are late in applying for UI benefits.

In addition to those changes, we are also recommending the following:

- Provide more flexibility in the timeframes for applying, by allowing incomplete claims to be filed on an interim basis, late claims to be backdated for valid reasons and, in general, by allowing unemployed workers to defer applying for UI benefits;
- Encourage claimants to register their unemployment and apply for UI benefits in a single visit to the ESC, by streamlining timeframes and processes as required;
- Change the fixed reporting date, now the 15th of each month, by allowing for more dates (for example, any day within a specified week of the month);
- Disallow or reduce benefits for those who quit their job without good cause or are fired from their job because of their own misconduct.

2.8 Distinguishing between “Quitters” and Involuntary Job Loss

In two respects, the UI scheme in Vietnam goes beyond the normal bounds of a UI scheme, as it can be seen in international practice and in ILO Conventions. First, the Vietnamese scheme provides benefits to anyone leaving a job, whether voluntarily, fired for misconduct or otherwise. Second, it provides full UI benefits even to individuals who find new employment at once or return to their former employer, according to the so-called “lump-sum provision”.

We recommend removing the “lump-sum provision” as soon as possible, considering that it will over time lead to increasing misuse of the UI scheme and to increasing and unnecessary costs. If desired, consideration could instead be given to partial bonuses for early reemployment, but only under strict conditions, as found for example in South Korea (notably, finding stable employment with a new employer).

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We also recommend establishing a distinction between voluntary quitters and those who must leave their jobs for good reasons. Unreduced UI benefits should only be granted to this second group, including for example those who are forced to quit due to dangerous working conditions, salaries not paid, sexual harassment or other similar grounds. Voluntary quitters, on the other hand, should be penalized either by being denied benefits entirely (as in South Korea) or by being provided with reduced benefits, either at a lower rate (as in Thailand) or after an extended waiting period (as in Japan or many other countries).

We advise however that it may at times be difficult to make the needed distinction between voluntary quitters, normal layoffs due to business or economic reasons, and forced resignations for justifiable reasons. Thus, before implementing this sort of proposal, careful planning is needed including comprehensive staff training in the investigation and resolution of those situations.

2.9 Loss of HI Coverage during the UI Adjudication Period

Unemployed workers must turn in their Health Insurance (HI) cards and lose their HI coverage when they terminate their employment, until it is reinstated if and when they qualify for UI. A ready solution to this issue could be to provide an automatic one-month extension of HI coverage to all workers who terminate employment, a practice which is common in private insurance. Such an extension would also appear consistent with the Vietnamese government's stated objective of providing health insurance for all citizens by 2014.

2.10 Outstanding Issue: Speed and Quality of Payment to UI Claimants

A critical measure of success for a UI scheme is whether UI claimants actually receive the benefits to which they are entitled, and without delay. During this review tour, we were not able to evaluate how long it actually takes before UI benefits come into the hands of qualified unemployed workers, through the VSS payment system. We asked the question a number of times and were never able to obtain a simple answer, which is a cause of concern.

It may be that UI payments are delivered promptly to all eligible recipients, but we just don't know how quickly this occurs. One way of determining speed of service would be to conduct a survey of a random sample of former UI claimants, comparing the date when they became unemployed to the date that they filed as well as to the date when they received payment. Such a survey could indicate whether or not improvements are needed. In general, the entire operations of the UI scheme should be monitored through regular evaluation of speed, accuracy and quality of service, including monitoring of the appeal system.

2.11 For Consideration: Investigation and Control Unit

Benefit programs such as UI can easily be misused, wilfully or by error. Other countries have seen the necessity of investing significant resources and effort to control such misuse and abuse. In Canada, for example, the return on such investment of resources is about 5 to 1, in other words there have been benefit savings worth about \$5 for every dollar invested in investigative activities. We recommend that early consideration be given to setting up an investigation and control unit, with only a few staff at first, to establish criteria and controls for further action.

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3. Required Statistics for Actuarial Study in 2011

The actuarial review of a UI scheme consists in an evaluation of the scheme's financial status and prospects. It requires a complete understanding of existing UI legislation, operations, procedures, as well as insight into future plans. The actuarial review includes an assessment of the plan's main design features and, as warranted, recommendations for change.

The basic data required for the evaluation of an existing UI scheme, such as the Vietnamese scheme, are relatively straightforward: historical data on benefits and beneficiaries on the one hand, and historical data on contributions and contributors, on the other. The UI fund balance is also needed as well as the costs of administering the scheme. The evaluation itself will require the making of projections into the future, which is necessarily based on a host of assumptions, mostly as to future economic and demographic developments. Detailed specifications of required data are provided in the body of this report.

Claims intake and benefit payouts should be expected to climb rapidly over the UI scheme's first few years, as the scheme becomes more fully known and drawn upon by workers. Careful interpretation of those trends will be needed.

These and other statistics are in some way the lifeblood of a sound management system, or more accurately they are the essential diagnostic tools needed to measure how well the program is being managed and whether it is achieving its intended results. A capable Central Statistical Unit is needed to coordinate all statistical data collection, on both the contributory and benefit sides of the ledger. Transparent management will also be enhanced if statistical and analytical information on the operation of the UI scheme, its effects and its prospects, are made public at regular intervals, along with a full accounting of financial operations.

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4. Conclusion

The implementation of the first UI scheme in the history of Vietnam can certainly be considered a success and we wish to congratulate all those involved in that implementation including the Bureau of Employment at MoLISA, Vietnam Social Security and its provincial offices, Employment Service Centres and the provincial Departments of Labour, Invalids and Social Security.

However, there are a number of issues that require immediate attention, and there are also longer term issues. In the short term, the heavy claim load carried by the two largest ESCs needs to be addressed. Also, we recommend the creation of a working group comprised of BoE and VSS (local SI) staff as well as representatives from ESCs to look at a number of possibilities to resolve the bottleneck in obtaining the updated SI book as quickly as possible. This group could also deal with the issues raised concerning the collection of contributions. We would recommend the working group be chaired by the ILO.

In the longer term, other issues should be reviewed and discussed with a view to enhance the UI scheme such as:

- Communication issues, the creation of a “best practices list” and of a Public Liaison Officer in ESC;
- Structural changes within organization dealing with UI scheme;
- Procedure changes/streamlining/standardizing;
- Distinguishing between “Quitters” and involuntary job loss;
- Penalties to Employers;
- A Resource Determination Model should be developed to assist BoE management in the allocation of staff based on need;
- Loss of HI coverage during adjudication period;
- Speed of payment to UI claimants (including performance indicators);
- Investigation and Control Unit.

Relating to the issue of vocational training, the review team found few referrals being made, apparently because most unemployed workers readily find jobs on their own and see little need for such training. How this situation may evolve in the future is unknown at this time but should be monitored, no other action being recommended in the circumstances.

The working group (with systems representation) could also be involved in the development of a new computer software application to be used for electronic processing of claims for benefit and the testing of the application in pilot sites prior to national rollout.

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SIX MONTH REVIEW REPORT OF UI IMPLEMENTATION

1. Introduction

For the first time in its history, the country of Vietnam implemented a UI scheme to strengthen the social security protection for unemployed workers. Pursuant to the Law on Social Insurance³ and to the UI Decree⁴, contributions under the scheme started on January 1, 2009 and benefits started to be paid on January 1, 2010. The Bureau of Employment (BoE) under the Ministry of Labour, Invalids and Social Affairs (MoLISA) has overall responsibility for administering the UI legislation. Vietnam Social Security (VSS), an agency reporting to the Prime Minister, is responsible for collecting contributions and disbursing benefits.

The International Labour Organization (ILO) assists the country of Vietnam in implementing such projects. Funding and assistance are also provided by the European Union's Labour Market Project in Vietnam. The ILO had provided UI technical experts to assist BoE in planning the implementation of the benefit delivery processes in the fourth quarter of 2009.

BoE held a series of workshops in October and November 2009 with ESC managers to prepare for the first UI claims. As a result, and with the assistance of technical experts, a procedure manual was developed to assist UI staff in processing claims for benefit. The procedure manual also formed the basis for Training for Trainers which occurred in December 2009.

BoE also asked the ILO to develop a concept paper which would serve as a road map for future enhancements to the UI scheme in Vietnam. It outlined the following priorities:

Priority #1: Post Implementation Review

Priority #2: Capacity Building

Priority #3: Changes to the Law

Priority #4: Actuarial Study

Priority #5: Electronic System, Development of a Quality Control Program,
Performance Management and Key Indicators and Protection of UI Fund.

It was decided to conduct the Post Implementation Review after the first six months of 2010 to allow for a proper examination of the implementation and of its after-effects. In addition, the preparatory phase of the actuarial study would be conducted simultaneously with the review study in order to enhance the review and prepare for the actuarial study scheduled for 2011.

Work has already commenced on a new electronic system for the UI benefit delivery system. A systems expert from Canada has examined the business requirements, developed a technical specifications document and software evaluation criteria. There are plans to develop and pilot software and assess it on the basis of the evaluation criteria. The offices of Binh Duong and Ho Chi Minh City will likely serve as pilot sites. Both locations have already gained experience with locally developed software though neither system is ready for national implementation.

The review and proposals took into account ILO social security standards, namely the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168).

³ Law on Social Insurance No. 71/2006/QH11, adopted June 29, 2006.

⁴ Decree detailing and guiding the implementation of a number of articles of the Social Insurance Law concerning Unemployment Insurance, No. 127/2008/ND-CP, adopted December 12, 2008.

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ILO Convention 102 is in particular considered “the flagship of all ILO social security Conventions, as it is the only international instrument, based on basic social security principles, that establishes worldwide-agreed minimum standards for all nine branches of social security.”⁵ ILO Convention 168 and its Recommendation No.176 set higher standards regarding unemployment benefits, mainly but not only applicable to industrialised countries.

1.1 Objectives of the Review Study

The first objective of the review study was to look at the implementation progress over the first six months since January 1, 2010, including the pre-implementation period immediately before this date. Our mandate looked at outputs against UI related laws, policies and procedures in order to provide suggestions for improving the UI scheme in the short and long term.

The second objective included a review of information and monitoring systems as well as financial forecasts in order to identify the need for additional reports/information for all levels of management and especially the financial forecast section. These additional reports will be required for the actuarial study to be conducted in 2011.

The final objective covered all other issues including quality services, awareness of employers and employees relating to the UI scheme as well as management issues such as strategies to deal with high claim loads, staffing and training and managing the workload.

1.2 Members of the Review Study Team

The review team consisted of representatives from the International Labour Organization and of Bureau of Employment officers, some of whom had experienced the implementation first hand. The participants on the team were the following persons:

John Carter – Leader of the review team - ILO
Michel Bédard – International Actuarial Consultant - ILO
Ngo Thi Loan – National Project Co-ordinator – ILO
Mr. Tran Tuan Tu – Project Manager – BoE
Mrs. Khuong Thi Kieu Oanh – Project Officer – BoE
Ms. Trinh Thi Nguyet Anh – Financial Specialist – BoE
Ms. Le Thi Tuyet Mai – Financial Specialist – BoE
Mr. Hoang Tuan Anh - Interpreter

1.3 Background Information

Vietnam is inhabited by some 86 million people in a land covering 330,000 square kilometres. This makes it the thirteenth most populated country in the world. It lies on the eastern part of the Indochinese peninsula, shaped like the letter “S”. China borders it to the north, Laos and Cambodia to the west, the Gulf of Tonkin and the East Sea to the east and south. Three quarters of the country consists of mountains and hills, with high population density in the remaining area. Detailed results from the 2009 Census are not yet available, but in 1999, there were 54 different ethnic groups, in which Kinh (Viet) people made up 86% of the total population.

⁵ Quoted from the ILO website. In 2002, the ILO Governing Body further affirmed that Conventions 102 and 168 were two of the six conventions that could be deemed up-to-date social security conventions. See: “Setting Social Security Standards in a Global Society, An analysis of present state and practice and of future options for global social security standard setting in the International Labour Organization”, ILO, Geneva, 2008, page 6 (link: <http://www.ilo.org/public/english/protection/seccoc/downloads/policy/policy2e.pdf>)

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In the last thirty years, Vietnam has had to overcome the ravages of war, the loss of financial support from the former Soviet bloc and the rigidities of a centrally-planned economy. Since the mid-1980s, Vietnam has made a shift towards a socialist-oriented market economy. The government has also moved to implement a number of reforms which are required to modernize the economy and to produce more competitive export driven industries.

The economy of Vietnam can be broken down into agriculture, industry and the service sector. Approximately 48% of the labour force⁶ is involved in agriculture and fishing, which accounts for 22% of GDP⁷. Agricultural products include paddy rice, coffee, rubber, cotton, tea, pepper, soybeans, cashews, sugar cane, peanuts, bananas, poultry, fish and seafood. Manufacturing and construction employs approximately 22% of the labour force and accounts for 40% of GDP, including food processing, garments, shoes, machine-building, mining, coal, steel, cement, chemical fertilizer, glass, tires, oil and paper. Finally, the service sector involves 31% of the labour force and 38% of GDP. It is considered a key sector in national economic development, with a focus on tourism, air-transportation and insurance.

The reported labour force in September, 2009 was 49.3 million people, of whom 48.0 million were employed. The participation rate was quite high, at 76.5% of the working age population of 64.2 million, higher for men than for women. The unemployment rate was 4.4% in urban areas and 1.9% in rural areas. Urban areas accounted for 28% of the labour force but almost half of the unemployed (47%). Unemployment was highest among youth – reaching 12% for urban youth from 15 to 24 years of age.

An important aspect of employment in Vietnam is the low proportion of jobs that are registered with authorities and subject to social insurance deductions⁸. In 2007, according to a recent study done for the ILO, it was estimated that there were only 8.5 million jobs in that category (plus some in agriculture, forestry and fishing), representing 18.4% of the 46.2 million employed persons nationwide. Over 80% of total employment was thus in agriculture, forestry and fishing as well as in informal employment (in the informal sector⁹ or not registered for social insurance).

Distribution of employment in Vietnam, 2007 ⁴

Sector	Employment (in 000s)	Distribution
Agriculture, forestry and fishing	23,118	50.0%
Informal sector	10,861	23.5%
Formal sector	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <div style="font-size: 2em;">{</div> <div style="display: inline-block; vertical-align: middle;"> - informal jobs - formal jobs </div> </div> <div style="text-align: right;"> <div>3,714</div> <div>8,518</div> </div> </div>	<div style="text-align: right;"> <div>8.0%</div> <div>18.4%</div> </div>
Total	46,211	100.0%

⁶ Labour force data is from the 2009 Labour Force Survey, conducted in September of that year by the General Statistics Office (GSO) of Vietnam.

⁷ GDP (gross domestic product) data are preliminary 2008 data, from the GSO website.

⁸ This discussion is based on data and definitions from an unpublished ILO study: “The informal economy in Vietnam, Study for the ILO”, Jean-Pierre Cling, Mireille Razafindrakoto and François Roubaud, March 2010.

⁹ Defined as “all private unincorporated enterprises that produce at least some of their goods and services for sale or barter, are not registered (no business licence) and are engaged in non-agricultural activities”.

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Another important feature of the Vietnamese labour force is the large number of migrant workers – many of whom are women – who come from rural areas to industrial centers such as Hanoi, Ho Chi Minh City, Da Nang or Binh Duong. Most of them are employed in the formal sector¹⁰, though they may not all be aware of nor keen on obtaining social insurance coverage. Nevertheless, this group has already emerged as a significant part of the UI clientele, based on the evidence collected at various meetings. As can be expected, many migrant workers return home at annual or more frequent intervals, to rejoin their families and contribute to farm work.

Together, the preceding paragraphs paint the broad scene within which the UI system must operate in Vietnam, an urban environment with a large informal sector and large numbers of migrant workers, where unemployment is highest among youths. This is a very different situation than what is seen in developed countries and must be taken into account when considering future directions for the UI scheme.

In Vietnam as in other developing countries, the move to a market economy accelerated the need for protection against unemployment. As an offset and at the same time as the UI scheme was launched, employers were relieved of the longstanding obligation to offer severance pay to workers who lost their employment (except for work periods prior to 2009).

As of mid-2010, officials reported 6.3 million employees contributing to UI, and indicated that this number represented approximately 60% of those paying SI contributions – which we thus estimate at 10.5 million. Over time, it should be expected that the count of UI contributors will come closer to the SI count, except for the 10-employee coverage exclusion under UI and for voluntary SI coverage (mainly applicable to self-employed persons). MoLISA's Institute of Labour, Science and Social Affairs is predicting that UI coverage will reach 8.9 million by 2015, which would then represent 70% of compulsory SI coverage of 12.9 million¹¹.

The Bureau of Employment is responsible for the administration of the UI scheme and has 64 provincial Employment Service Centres in Vietnam offering a full range of services including registration for unemployment and application for various benefits under the UI scheme. There are also 157 district offices acting as satellite offices which offer some basic in-person services. The total number of staff in UI is 396 (provincial and district) as well as 20 national staff in Hanoi. There is an expectation to increase the number of staff in provincial and district sites to 630 by the end of 2010. In addition, BoE are planning to increase the number of staff at the national office to 30 in total. All staff hired in 2009 for the implementation of UI had received formalized classroom training.

1.4 Methodology for the Review Study

Please refer to [Appendix “A”](#) for the complete itinerary.

In preparing for our visit, we had the benefit of Mrs. Ngo Thi Loan's expertise, ever since the commencement, in October 2009, of the project on implementing the new UI scheme in Vietnam. Her valuable assistance guided us in establishing the best course of action in attending meetings with stakeholders and ensuring the success of the review.

¹⁰ “The informal economy in Vietnam, Study for the ILO”, Jean-Pierre Cling, Mireille Razafindrakoto and François Roubaud, March 2010 (unpublished).

¹¹ As noted on page 43 of “Labour and Social Trends in Viet Nam 2009/10”, a report prepared by MoLISA's Institute of Labour Science and Social Affairs, published by ILO and MoLISA, Hanoi (June 2010).

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Meetings were initially held with Bureau of Employment management and staff responsible for the implementation of the UI scheme. Discussions were held with Director Mr. Dai Dong to ensure clarity of purpose for the review as well as the framework for the review. Meetings were also held with Mr. Hung (responsible for UI procedures) and Mr. Trung (responsible for UI policies). Finally, there was a meeting between the review team and Vietnam Social Security (VSS) who play a major role in administering UI and are responsible for the collection of contributions and disbursement of UI benefits to unemployed workers. The discussions centered around consolidated reports for the collection of contributions and workflow problems exacerbating the processing of claims for benefit.

A field study of six Employment Service Centres was arranged in the cities of Hanoi (two offices), Ho Chi Minh City (two offices), Binh Duong and Da Nang. Joint meetings were held between DoLISA and ESCs as well as with management and staff to discuss the implementation, what went right and possible suggestions for improvement.

In addition, meetings with stakeholders were arranged with:

- Provincial Social Insurance (VSS) – in all cities listed above;
- Vietnam Chamber of Commerce and Industry (VCCI) – Hanoi
- Vietnam General Confederation of Labour (VGCL) – Hanoi
- Provincial General Confederation of Labour (PGCL) – Binh Duong, Da Nang

The discussions with stakeholders dealt with a number of issues but especially the issue of awareness of the UI scheme for employees and employers.

The review team also visited 5 employers, to discuss issues such as the delays in obtaining the necessary information for workers to apply for benefits, as well as general awareness of the UI scheme:

- Employer #1: Chee Wah (Vietnam) Toys Co., Hanoi
- Employer #2: Artex Tien Dong Co., Hanoi
- Employer #3: Protrade Garment Co., Binh Duong
- Employer #4: Foster 2 Electric Co., Binh Duong
- Employer #5: Hunex Co., Joint Stock Co., Da Nang

A questionnaire was developed in order to obtain feedback from unemployed workers on their opinion of the level of service they received from the ESC (see [Appendix “B”](#)).

The review team met separately on many occasions to discuss and summarize the day's findings (see [Appendix “E”](#)). Team members could then ask questions and clarify issues. Finally, a workshop was held in Ha Long Bay on July 6 to discuss some of the preliminary findings from the review along with possible solutions. The workshop was attended by some 50 people, most of them ESC managers as well as DoLISA and VSS officials, plus an official from the Government Office and representatives from ILO.

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1.5 Results of Survey of Unemployed Workers

Please see [Appendix “C”](#) for completed responses to the questionnaire.

The idea of a survey was discussed within the review team and received unanimous approval. Its purpose was twofold: 1) to determine the level of service received by unemployed workers at three different Employment Service Centres – Hanoi 2, Bing Duong and Da Nang and 2) to request their opinion on suggestions for improving the UI scheme. After jobseekers had received services, the Vietnamese members of the review team would approach them to see if they were interested in completing a questionnaire on the service rendered by ESCs, along with their suggestions for improvement. Due to time constraints, the survey only covered 3 ESCs.

Note that the responses given at the Ha Tay office of Hanoi were all given by 11 former workers of the same employer (a subsidiary of a major state-owned enterprise). Those workers had come to the ‘Hanoi 2’ ESC office (as it is referred to) on the morning of June 25th, in the hope that their SI Books would be delivered during the day in order to validate their UI claims. The arrival of our review team at that location may, it seems, have provided added impetus to getting the matter resolved between the employer, the local VSS office and ESC management.

Overall, the unemployed workers were happy about the service they received at ESCs but felt that procedures for workers were too complicated and should be simplified. Three quarters of them felt that the Employment Service Centre was in a good location and had adequate signage and they were pleased with the UI staff worker who provided service to them.

A number of suggestions were received from the unemployed workers relating to improving service. Their main suggestions were:

- Too complicated – need a one stop process
- Need to simplify
- Extend deadlines for registration and application for UI benefits
- Need more communication to increase awareness of UI

The survey results offer only a glimpse of the feelings of unemployed workers towards the new UI scheme and the services provided by the Bureau of Employment. There was a low number of completed surveys, covering only three employment centres. Therefore, we would recommend a more intensive and national survey of unemployed workers be completed for a specified period under the guidance of BoE staff, to be repeated regularly.

1.6 Debriefing Workshop, July 6 in Ha Long Bay

On the last day of the mission, a full day workshop was held to review and discuss the preliminary findings gleaned by the consultants during the tour, as well as to consider lessons learned by Vietnamese officials during their own study tours to Germany and to Canada. Reports were also made on measures taken and progress made in dealing with UI claims in Ho Chi Minh City and in the neighbouring city of Binh Duong, by far the busiest ESC offices in the country.

That debriefing workshop entailed lively discussion amongst the participants. At the afternoon open session, many of the proposals presented in this paper were raised and discussed, challenged by some or agreed to by others. Most notable in those discussions were the many forward-looking interventions and the enthusiasm and dedication shown by all interveners. This report draws in part on those discussions, and expands on the preliminary findings presented on that day, while adding a number of additional issues and considerations.

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2. Findings and Potential Solutions

2.1 *Unemployment Insurance Implementation – Overall, a Success*

Overall, the Bureau of Employment, ESCs, DoLISA, MoLISA, VSS and other stakeholders are to be congratulated for their hard work and efforts in order to successfully implement the UI scheme. From January 1st to June 11th, 2010, there were 81,273 registrations processed nationally and 56,153 applications for UI benefits. In addition, the ESCs/DoLISA processed 1,619 applications for lump sum UI benefits plus 10,154 transfer requests, giving employment help to 25,097 unemployed workers and processing 104 requests for vocational training.

Many reasons explain why the implementation was successful. To begin with, there was the adoption of clear UI policies and guidance and the establishment of sound management mechanisms at both central and provincial agencies. No less important, ESCs and DoLISA built close working relationships, communicating daily to resolve workflow problems in the processing of benefit claims. Meetings were arranged to overcome bottlenecks, to speed up the process of finalizing claims as well as to resolve shortcomings in procedures. In addition, there was effective collaboration between ESCs and VSS at the provincial level, to address problems affecting jobseekers including getting the information needed to file a claim in time.

Also, most ESCs seem to be well located to receive applications for UI benefits. The addition of satellite offices to accept registrations and applications has also enhanced the service delivery of UI. Because VSS was already involved with UI in collecting contributions for 2009, they were able to assist ESCs in overcoming initial problems with payments to unemployed workers.

Another reason is the successful introduction by BoE staff of the procedures manual for the whole process, followed by intensive formalized training for trainers and staff. This was accomplished within very tight deadlines. It would have been preferable to train all staff at the very start but a core number of them were trained in time to accept the first claims.

Of course, a number of important issues must still be addressed, as will be explained later. The dissemination of information about the UI scheme was critical in the early stages of implementation. At the local level, VSS and ESCs conducted workshops with employers. At the same time, there were television and radio ads and newspaper articles. But in spite of many concerted actions and positive comments, stakeholders reported an ongoing need for communications to overcome persistent gaps in information to unemployed workers.

2.2 *Workflow Problems with Social Insurance Book*

A crucial step in the UI claims process is the determination of benefit eligibility and entitlement. In Vietnam, UI eligibility requires 12 months of insured work over the last 24 months.¹² Entitlement has two aspects, the benefit rate and duration. The benefit rate is 60% of the average earnings over the last 6 months of insured employment. The maximum duration for paying benefits depends on the length of insured employment, as follows:

- 3 months of benefits with 12 to 35 months of insured employment,
- 6 months of benefits with 36 to 71 months of insured employment,
- 9 months of benefits with 72 to 143 months of insured employment, and
- 12 months of benefits with 144 or more months of insured employment.

¹² Conventions 102 (article 11) and 168 (article 17.1) of the ILO both allow for a qualifying period, as may be necessary to preclude abuse.

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An important caveat – and concern – is that work is only insured if the employer has remitted the required UI contributions to Vietnam Social Security (VSS). If those remittances are delayed indefinitely or never paid, unemployed workers may have legal recourses against their former employer but the corresponding time worked will not be counted¹³.

The information on earnings and on time worked is recorded in the Social Insurance Book, a book that is issued to each worker by VSS, kept by the employer and used to record employer contributions to Social Insurance¹⁴, including Health Insurance (HI) and Unemployment Insurance (UI). That SI Book serves as the official record for UI contributions and for UI entitlement¹⁵. At job termination, the SI Book must be sent to the local SI office of VSS for certification, before the unemployed worker can recover it to file his claim at the local Employment Service Center (ESC)¹⁶.

The SI Book is an integral part of the dossier for filing a UI claim¹⁷. For this purpose, the UI claim must be filed within 15 working days after registering one's unemployment, accompanied by a "full dossier", otherwise the UI claim should in principle be refused. The registration of unemployment must itself have been previously done within 7 working days of job termination.

Given the difficulty of meeting those delays, as will be discussed in the following paragraphs, some unemployed workers have arranged with their employers to have their termination date changed to a later date, once they recover their SI Book. This allows them to meet the 7 and 15 working day requirements – an accommodation which seems reasonable in the circumstances.

We've mentioned delays: the two main reasons that cause delays with respect to the SI Book are, first, the circuitous routing through which this book must go before unemployed workers can retrieve it for submission to the local ESC and, second, the fact that many employers are late or delinquent with respect to their UI contributions (as well as their HI and SI contributions).

When a worker becomes unemployed, the SI Book goes through the following routing:

1. Employer gives SI Book to "local SI" (the local VSS office)
2. Local SI certifies UI contributions
3. Local SI returns SI Book to employer
4. Employer contacts unemployed worker
5. Unemployed worker picks up SI book from employer
6. Unemployed worker goes to ESC with SI Book

In this process, delays occur at each step, and can often exceed the 15 working days that are allowed for presenting a UI claim (after registering one's unemployment). Delays in obtaining the SI book were in fact a recurring source of complaints from almost all of the individuals and organizations we met, with various solutions being proposed.

¹³ Article 81 of the Social Insurance Law specifies that entitlement to UI benefits depends on having paid UI contributions for the required period.

¹⁴ Strictly speaking, the term Social Insurance includes HI and UI (as defined under article 3.1 of the Social Insurance Law) but common usage distinguishes between each, and there are separate contributions for each.

¹⁵ Pursuant to article 35 of UI Decree No. 127/2008/ND-CP.

¹⁶ The Employment Service Center (or ESC) is the office where unemployed workers must go to file their UI claims, a local unit of MoLISA's Bureau of Employment.

¹⁷ In accordance with section III, article 3.2.b/ of UI Circular No. 04/2009/TT-BLDTBXH.

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We can now go through each step of this process in more detail.

1. Employer gives SI Book to local SI (the local VSS office)

When a worker's employment terminates, some employers send the SI Book to the local VSS office immediately, but many others wait until their Social Insurance contributions are due at the end of the month. Some may delay even more, either because they are habitually late or delinquent in paying contributions, or simply out of negligence. For large employers, the penalties on late contributions are not very onerous, which may add to the problem.

It was also reported, on the other hand, that on occasion some workers abandon their employment without notifying their employer, and in such cases it would understandably take some time for an employer to determine whether an absent employee would in fact return to work.

2. Local SI certifies UI contributions

The local SI office, upon receipt of the SI Book, should act promptly to review its contents and to certify the payment of UI contributions. However, the local SI may have to wait until the employer actually remits those contributions, at month end or later. Discrepancies or errors might be found, perhaps requiring that the employer be contacted.

In addition, the local SI must at that time verify not only the UI history and contributions but the entire SI record, the contributions for which far exceed that paid for UI. Moreover, cases dealt with by the local SI do not only concern UI but also retirement, sickness, occupational injury or disease and other situations falling under the Social Insurance regime.

3. Local SI returns SI Book to employer

Upon completion of their review, the local SI returns the SI Book to the employer. Physical delivery of this document may take some time and be subject to delays.

4. Employer contacts unemployed worker

On receiving the SI Book, the employer must advise the concerned employee to come in and get their SI Book. The employer's staff must deal with this as soon as possible, and it may not always be possible to immediately contact a former employee.

5. Unemployed worker picks up SI book from employer

The unemployed worker must travel to the employer's workplace to retrieve the SI Book.

6. Unemployed worker goes to ESC with SI Book

Finally, the unemployed worker must travel to the ESC with the SI Book, in order to complete their UI claim.

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The description that precedes illustrates how delays in the handling of the SI Book can easily accumulate and reach beyond the allotted time frames. Solutions have been proposed to deal with those delays, nine of which are presented in the following text.

- Proposal 1: Allow unemployed workers to submit their UI applications without the SI Book, provided they bring it in later
- Proposal 2: Allow UI claims to be backdated if they are made within 5 or 10 days of obtaining the SI Book, or for other valid reasons (for example sickness)
- Proposal 3: For potential UI applicants, identified by the ESC, have the local SI prioritize the certification of the SI Book
- Proposal 4: For all cases, have the local SI prioritize UI information by using a special UI form to replace SI Book
- Proposal 5: Eliminate the requirement to file a claim within a specified time after job termination, allowing unemployed workers to decide either to file their UI claim as soon as possible or to file later, say after an initial job search of a few weeks or months: a claim that is voluntarily filed late would of course only be effective at the time it is filed, and would not be backdated
- Proposal 6: Treat employment as insured even if UI contributions were paid late, or not at all: it would be up to public authorities to recover unpaid UI contributions later from the employer
- Proposal 7: Increase penalties on late payers, for example to 150% of late contributions, plus an extra percentage for each additional month
- Proposal 8: Authorize the Employment Service Centre to penalize employers who remit SI Books late¹⁸
- Proposal 9: Have the employer directly confirm the insured employment history, through a special form handed to the unemployed worker when employment terminates, or within a few days thereafter: this would eliminate the need to wait for certification by the local SI

The above approaches have varying degrees of merit, and should all be seriously considered. For the short-term, proposals 1 through 4 should be implemented as soon as possible, to alleviate current problems. Proposals 3 and 4 have in fact already been adopted in some ESCs.

For the medium to long-term, we would have four recommendations.

First, treat employment as insured if it meets the provisions for UI coverage, no matter whether the employer remitted the required UI contributions or not (proposal 6). Workers should not be penalized if an employer defaults on contribution remittances.

Second and in conjunction with the preceding recommendation, impose stiffer penalties on employers paying late or not at all (proposal 7). Arrangements for payment deferral might be provided for employers who are facing difficult economic circumstances, but this should not be done at the cost of penalizing workers.

¹⁸ It is our understanding that Decree No. 47/2010/NĐ-CP promulgated on May 6, 2010 authorizes an administrative sanction of VND 1 million against employers who fail to return the SI Books to former employees within seven working days after the termination of their labour contracts. Although this is a relatively small fine, it seems to be a step in the right direction (see article 17.1.c of that Decree, at <http://www.luatdonga.com/?u=news&su=d&cid=467&id=951>).

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Third, the provisions governing the time to file a claim should be more flexible. In line with proposal 1, workers could file their UI claims as soon as they became unemployed even if some documents were still missing. However, the claim would only be put under payment when all of the required documentation was supplied. In line with proposal 2, late claims should be backdated if there were valid reasons for the delay in filing. In line with proposal 5, late claims should be considered even if they don't qualify for backdate, provided they met the eligibility conditions at the time of filing (namely, 12 insured months out of the last 24). This would include for example persons who looked for work on their own, or who wanted to avoid asking for UI benefits, or who rejoined the labour force after being self-employed, caring for their family, or going abroad or on vacation, etc., as well as ill-informed and late filers.

And fourth, at an appropriate future date, eliminate the intervention of the local SI office (proposal 9). The employer would directly confirm the information on insured employment and earnings on a new form, a Record of Employment (RoE). That RoE would be given directly to terminating workers, or sent to them soon after their employment ended. Copies would be sent at the same time to the ESC and to VSS for action and verification. The local ESC could impose a penalty if an employer unduly or repeatedly delayed the production of the RoE.

We offer the following additional comments. The only information that the local SI office of VSS can access when they certify the SI Book is what was previously reported by the employers themselves. In effect, this certification process is a circular one, which uses employer-provided information to double check that same information. The onus for such checks should instead rest squarely on employers and on their internal accounting processes. VSS should instead focus on ensuring that coverage provisions are fully respected, that contributions are deducted on full salaries and remitted in time, and that employers' accounting and record-keeping are adequate.

In regards to abandoning the SI Book for UI claim purposes, it is also noted that the Social Insurance Law prescribes that the SI book be part of the application for benefits for all of the components of the SI system except for UI, as referred to in the following articles:

- Article 112.- Sickness regime
- Article 113.- Maternity regime
- Article 114.- Labour accident regime
- Article 115.- Occupational disease regime
- Article 119.- Retirement pensions for compulsory social insurance
- Article 120.- Lump-sum indemnities for compulsory social insurance
- Article 121.- Survivorship allowance for compulsory social insurance
- Article 123.- Indemnities voluntary social insurance

Contrary to the other social insurance regimes, in the case of UI, article 125 of the Social Insurance Law does not explicitly require that the SI Book be part of the UI file. This would allow a different process to be put in place without amending that law, if it is so desired.

The option of eliminating the SI Book has furthermore been anticipated in Article 109.2 of the Social Insurance Law, which provides that SI Books will be gradually replaced by *electronic social insurance cards*, subject to procedures that have yet to be determined. Once this conversion has been completed, the certification of the SI Book would probably be integrated into the normal monthly or annual updates of electronic records rather than being a separate process at the termination of each employment. We were also advised that the Da Nang office of VSS has in fact already completed the conversion of all SI records to electronic format, and that other offices are undertaking this conversion.

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2.3 *Issues with Coverage and Collection of Contributions*

The scope of a UI scheme depends on its coverage provisions. Usual practice is to cover all employees, but public servants and armed forces are often excluded. In addition, during the first few years of a UI scheme, it is not unusual to find certain exclusions, e.g. for smaller employers. ILO Convention 102 of 1952 states that at least 50% of all employees should be covered against loss of employment, while Convention 168 of 1988 requires that the proportion covered be at least 85% of all employees.

Limitations on UI coverage should normally be kept to a minimum, to avoid creating pockets of unprotected workers as well as to minimize incentives for employers to adopt discriminatory labour practices, often designed in part to avoid the payment of insurance contributions. Such labour practices would consist for example of refusing to provide longer term work contracts to employees, to escape UI coverage.

On the face of things, the UI coverage provisions in Vietnam seem straightforward. Coverage applies to the employees of practically all employers, whether private or state enterprises, public service units or armed forces. There are two exceptions. First, contracted civil servants are covered but not government officials nor civil servants with indefinite contracts. Second, coverage only applies to employers with at least 10 employees working under one of 3 basic arrangements: an open-ended contract, a contract of 12 or more months, or a seasonal contract of at least 3 months. But the matter does not end there: if there are 10 or more such employees, those who are covered by the UI scheme are only permanent staff, namely those with open-ended contracts or with contracts of at least 12 months. For example, an employer could have 10 employees but only 1 covered employee: 9 seasonal employees with 3 month contracts plus one permanent employee. Alternatively, an employer could have 20 seasonal employees with contracts of less than 3 months, plus 9 permanent employees, but none would be covered.

The coverage test is to be performed on the 1st day of each month, and once an employer unit is covered, UI contributions must be paid for its permanent employees until the end of the calendar year. That would apply even if the number of employees working for that employer later fell to below 10. It appears that any new permanent employee hired later in the same year would also be required to pay UI contributions. In our opinion, these rules are not only complex and confusing but arbitrary. They may lead to fictitious or undesirable working arrangements, by encouraging employers to provide only short-term contracts rather than hire workers on a permanent basis.

These provisions need to be clarified and simplified, as was done for Health Insurance (which also used to have a 10-employee exemption). Our recommendation would be to extend UI coverage to all employees, hired under any type of contract, written or unwritten, and for any length of time – even less than 3 months. If some feel that this would represent an undue burden, the law could provide small employers with a year-end partial refund of their UI contributions. This refund should not be too costly if it is limited to the employer share of UI contributions, provided it does not create a precedent for the HI and SI schemes. A full coverage provision would be much simpler to understand and to administer than the current provision, and would remove an opportunity for some employers to circumvent the law.

Such extension would of course increase the number of employees covered by UI, a desirable result in itself, and it would especially make the UI scheme more effective as an instrument of economic stability and social protection, since employees of smaller firms are frequently at high risk of becoming unemployed. The enhancement of social protection is one of the pillars of the ILO's Decent Work Agenda, an agenda to which Vietnam subscribes and has already supported by adopting the UI scheme.

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An illustration of the impact of expanded coverage can be found in South Korea. At first, that country's Employment Insurance system, launched in July 1995, only covered workers of firms with 30 or more employees, but coverage was increased in three steps during 1998 to include all firms and workers by October 1st of that year. As a result but also due to increasing employer compliance, employee coverage increased by 60% within 5 years, from 4.2 million in 1995 to 6.7 million in 2000 (up to over 10 million in 2010). At the same time, the number of covered employers jumped from 39,000 in 1995 to 700,000 in 2000 (and 1.4 million in 2010).

Some other provisions on coverage may need to be clarified, for example whether and which public officials and civil servants should be covered by the UI scheme. A number of stakeholders felt that current provisions were unclear on this point. Again, an all-inclusive or all-exclusive provision would be preferred, for the sake of simplicity and fairness.

It was noted that UI contributions (and social insurance contributions in general) are only paid on a part of total remuneration. Salary bonuses are paid for a variety of reasons but, along with overtime pay, they are not included in contributory wages. Yet they are often an important part of total remuneration, with their importance varying between firms, industries or regions, depending also on economic conditions. In terms of fairness and economic efficiency, UI contributions (as well as those for HI and SI) should be based on an encompassing definition of remuneration. They should thus, to the extent practical, include all overtime pay and bonuses. To avoid increasing the charges imposed on employers and workers, it could be decided to then reduce the contribution rates, in order to approximately maintain the same total contributions in absolute amount.

The higher costs that could result from increased benefit payouts on a wider earnings base would have to be assessed. Pending such assessment, it would be premature to now speculate on an eventual adjustment to UI benefit rates (or for the other earnings-related benefit schemes). However, a broader earnings base would provide a truer and fairer replacement of earnings, instead of the current rate of 60% based on fictitiously low wages. For individuals, the existing provisions are of unequal application in that they depend on the relative importance for them of overtime pay and salary bonuses. In this regard, ILO Conventions 102 and 168 respectively specify a minimum UI benefit rate of 45% or 50% of earnings.

Compliance is as important as contribution provisions. It is known that, in Vietnam, late or delinquent remittances constitute an important problem. We were told many times that penalties on employers who are in default are too low: they should be set as a percentage of contributions in default rather than as an absolute amount. Any concerns of imposing undue hardship on “struggling” or weak employers should be addressed through specific government programs, and not through an implicit subsidy from social insurance programs such as the UI scheme. This is especially true since current provisions do not count employment as insured unless and until the employer actually remits the required UI contributions. As noted in the previous section, those provisions should furthermore be changed to make employment insurable even when an employer is late or delinquent in remitting UI contributions.

The problems created by delinquent employers have been highlighted in a number of recent news articles, drawing attention to the revenue losses for the social insurance system as well as to the loss of coverage for individuals.

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“Dong Nai: 38 premium debtors sued”¹⁹

There are hundreds of employers in the southern province of Dong Nai who owe social insurance premiums for two months upwards, totalling more than 134 billion dong (over \$7 million).

Many employers have sought any way to avoid paying social insurance premiums for their workers. Over 500 companies are reported as not paying at least one month of premiums. The area social insurance fund has taken legal action against 38 companies.

According to the fund’s records, many companies didn’t register their workers so that they did not have to pay the social insurance premium. In 2009, the fund inspected 74 companies and detected 48 that had not paid social insurance premiums for 2,246 workers.

Workers are partly blamed for this situation, because many people focus on short-term benefits and their employers exploit this attitude as a way to avoid paying social insurance premiums or to pay premiums at lower levels.”

A similar article on March 24, 2010 reported as follows in **Ho Chi Minh City**²⁰:

“Only one-fourth of some 137,000 enterprises in HCMC have duly paid social insurance fees for laborers, and the task of collecting this type of fees has proven tough despite the HCMC Social Insurance Company has resorted to lawsuits as the final measure. Many companies have sought to evade this financial obligation by refusing to sign labor contracts with laborers and register such contracts with authorities.”

Finally, a third article on October 29, 2009 coming from **Hanoi**²¹ suggested larger fines, related to the amounts owed:

“The head of the Social Insurance Department under the Ministry of Labour, Invalids and Social Affairs, said the current fines for the violations were not large enough to deter enterprises. “Although the National Assembly Standing Committee last year added another VND10 million (\$550), raising the fine to VND30 million (\$1,650), it still seems too low, and the problem remains severe,” [the director] said. “Some enterprises would rather pay these low fines over their social insurance debts,” she added. [The director] said that fines that were based on the debts could be an effective solution to the matter.”

Government contributions

It appears in addition that the government itself may be delinquent by not yet having paid its own share of contributions to the UI scheme, namely the 1% of wages that corresponds to each of the employer and employee shares. If this is verified to be the case, it should be a priority to either change the legislation, ensuring that the UI scheme will remain sufficiently funded with employer and employee contributions, or to make good on the required government contributions as soon as possible. It is important that the government be as respectful of its legislation as employers and workers should be.

¹⁹ Article dated may 22, 2010 entitled “Social Insurance Fund may ‘break’ ” viewed on July 27, 2010, at <http://www.lookatvietnam.com/2010/05/social-insurance-fund-may-break.html>.

²⁰ Article viewed on July 27, 2010, at <http://english.vietnamnet.vn/social/201003/Taxman-asked-to-collect-social-insurance-fees-900490/>.

²¹ Article viewed on July 27, 2010 at <http://english.vietnamnet.vn/social/200910/Agency-will-sue-over-failures-to-pay-social-insurance-for-workers-876041/>.

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2.4 Additional Assistance Needed for Larger ESCs

[Appendix “D”](#) provides details on workload and staff for the first half of 2010. The national average workload during the first six months of 2010 was 436 work units per staff amongst the 64 provincial offices. However, the ESCs in Binh Duong and Ho Chi Minh City respectively had ratios of 2,468 and 1,924. Only three other offices, also in the south of the country, had ratios above 1,000, namely Trà Vinh, Long An and Dong Nai.

Over half of all registrations for unemployment and applications for UI benefits are processed at the two largest provincial Employment Service Centres – Binh Duong and Ho Chi Minh City. Both ESCs are well organized and have good operational strategies in place, but the sheer number of registrations and applications are overwhelming the two offices.

It is common to see more than 100 unemployed workers lined up prior to the opening of the office in Binh Duong. In addition, there is no waiting area at the Binh Duong ESC which forces unemployed workers to wait outside even in bad weather. As a result, there is no suitable place to complete a registration or application for UI benefits, thereby extending the time required to complete and check the registration or application.

In both cases, there is extensive overtime work (in the case of HCM City – 7 days a week), a situation which has been going on for some time. Overtime can be a good short term solution to deal with extra claims due to unexpected economic or environmental events, but prolonged overtime will eventually hurt staff morale and well-being and affect the quality of service.

Potential Solutions:

- 1) Provide the two largest offices with additional staff as soon as possible. BoE indicates that they provide an average of 5 staff per ESC and 10 staff per province. The staff allocation for Ho Chi Minh City and Binh Duong had already been increased to reflect their higher workloads but we would suggest an additional allocation of staff as soon as possible.
- 2) There is a need to develop a formal resource determination model to allocate UI staff in the future. One step in this process involves “Time and Motion” studies to determine the time needed for the various activities in processing a claim. These studies should be conducted nationally by BoE with a good cross sampling of activities in both large and small centres.
- 3) For those ESCs which have staff that are underutilized because of small claims intake, it is recommended that some staff be allocated to disseminate information on UI to employer/worker groups as “Public Liaison Officers” (see section 2.6 – page 27).
- 4) Also, all future allocations of new staff should be considered only for those ESCs with larger or medium claims intake to compensate for staff shortages such as Ho Chi Minh City and Binh Duong as well as other ESCs with large or medium intakes.
- 5) Additional space is required for the larger centres with an adequate waiting area. Also, videos could be run highlighting that unemployed workers who have been allowed to receive UI payment must report monthly in order to continue to receive benefits (recommend that a video to be produced by BoE).
- 6) The requirement to report on the 15th of each month causes excessive workload on that day. It is recommended that unemployed workers be allowed to report at different, pre-scheduled times during the month (for example, based on alphabetical names) in order to achieve a more manageable distribution of in-person contacts.
- 7) In cases of last resort, the requirement to report monthly could be suspended for a short period of time but there are drawbacks to this solution. The main problems would be those of communication, first to advise workers of this temporary situation but later to resume normal processes once the normal requirements would be re-established.

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2.5 Structural Changes needed for Organization

In discussing with BoE management, it was noted that the relationship between ESCs and DoLISA offices is vertical rather than horizontal, with each entrusted with specific duties and reporting to different authorities²².

Additionally, there were many comments about the time it took to initiate a UI claim but also the number of visits which claimants had to make to the Employment Service Center (ESC) or the local SI. A minimum of nine visits to government offices could be required over the 3-month period for the payment of UI benefits:

- registration of unemployment,
- UI application,
- obtaining the UI decision,
- 3 monthly visits to report their continuing unemployment status, and
- 3 monthly visits to obtain their benefit payments at the local SI.

The main occupation of an unemployed worker should be to find employment, not to fulfill complex government requirements. That said, it does not seem to be excessive to ask jobseekers to show up nine times over 3 months, which is less than once a week, at government offices. Being unemployed, they should have the time to do so. In a similar vein, ILO Conventions 102 and 168 both allow that the payment of UI benefit can be suspended if the person fails to use the employment services placed at his/her disposal²³.

However, this assumes that government offices are not too far away. We would assume for example that a trip of more than 20 or 30 kilometres could represent an undue burden, on account of the time and expense involved. It could also interfere with a jobseeker's job search or with specific job opportunities.

In addition, any appearance at a government office should not last too much longer than the time required to complete the required forms and formalities. The workload at an ESC or at a local SI should be sufficiently spread out during each month to avoid having claimants spend inordinate amounts of time waiting to be served.

In general terms, it is imperative that the structure and governance of the UI delivery system be simple and effective. Currently, BoE is responsible for all of the ESCs but shares that responsibility with the provincial DoLISA authorities. In addition, while BoE is responsible for assessing, calculating and offering their opinion on whether or not an unemployed worker should receive payment, the formal payment decision is made by the director of each DoLISA. Strong partnerships exist between partners, but the lack of a single functional authority weakens the responsibility structure and efficiency.

There can be serious communication and management issues surrounding a vertical or shared-authority organizational structure. It is felt that BoE would be the best position to exercise full budgetary and functional direction, and to provide all of the advice, guidance and training needed to achieve maximum flexibility and efficiency in the service delivery of UI.

²² Similar issues exist with regards to the local VSS offices, who report independently to the national VSS authority. The specific issues that arise in that context relate mainly to the Social Insurance Book and to speed of payment, which are discussed elsewhere in this report.

²³ Section 20(f) of Convention 168 and section 69(h) of Convention 102.

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Possible Solutions:

- 1) Suggest that all ESCs and satellite offices report directly and solely to BoE in the UI service delivery.
- 2) Suggest that BoE process the claim in its entirety including assessing, calculating and making a final decision, and eventually issuing the payment.

2.6 *Communications during and after Implementation Period*

A common theme with some stakeholders highlighted the need for sustained communications to the public and employers in order to enhance the awareness of the UI scheme. For example, VCCI were concerned about the lack of information sharing after hearing complaints from employers. VGCL also highlighted the lack of communication regarding the new law as many workers were unaware of the procedures and employers didn't comply to the law in many circumstances. They both participated in disseminating information to their members but felt there was insufficient funding allowed to be effective. Leaflets were distributed but there was an insufficient number for all workers and employers.

Evidence of low awareness included an employer whose HR staff were not aware one could go to District SI anytime, not just on the 16th and 30th of every month. In another situation, 400 out of 1,000 workers did not pick up their SI Book at their employers office. Another employer spokesperson had no knowledge of UI and deferred all questions to another officer.

Possible Solutions:

- 1) Develop a "best practices" list of activities from those employers who are performing an exemplary job of disseminating information to their workers. BoE staff would be responsible to canvas provinces for nominations of employers who could qualify as exemplary and contact these employers for their ideas and solutions relating to communication issues. The "best practises" list could then be sent to all ESCs as a tool to assist employers in disseminating information concerning the UI scheme.
- 2) Create a new position in ESC entitled "Public Liaison Officer (PLO)" for a one year period to concentrate his/her efforts in disseminating information to the public and employers. We would suggest that BoE provide the PLO with a kit containing tools to assist with presentations as well as handouts for workers and employers. This kit could contain an overhead PowerPoint presentation, notes to assist the PLO in making presentations at workshops and meetings, a video explaining the UI scheme, leaflets and pamphlets and copies of newspaper articles. Another video could emphasize the need to report on a monthly basis to be run in the waiting area (or message screen with the requirement to register every month in order to continue to receive UI benefits.
- 3) Develop a newsletter for staff which would keep staff up-to-date on changes as well as the status of UI nationally. The newsletter could also highlight excellent work being performed by offices or individuals on a quarterly basis as part of the communications plan.

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2.7 Procedure Changes/Streamlining and Standardizing

During the workshop in Ha Long Bay on July 6th, participants were advised that BoE staff had initiated a review of Circular 04. This circular is an interpretative document that provides the detailed rules of application for the UI scheme, expanding on the provisions contained in the Social Insurance Law of 2006 as well as in the UI Decree of 2008²⁴. The main proposed amendments in the new draft of Circular 04 were as follows²⁵:

- The language of the new circular reflects changes to language such as directing claimants to Employment Service Centres instead of to DoLISA, and clarifying calendar vs. working days for deadlines in filing;
- Indicating that unemployed workers are considered to have a job when they can provide copy of a contract or job offer, and are then no longer entitled to monthly UI benefits but can instead receive lump sum payment of the remaining benefits;
- Unacceptable job refusal will be better defined;
- Clarification that an unemployed worker can receive vocational training support even after the claim ends while on course or if course approval is received after the claim ends;
- If an unemployed worker was on sick, maternity or adoption leave of 14 days or more in a month and then compensated by SI rather than by the employer, the month in question would not be considered as insurable;
- Backdating provisions for those who are late in registering for unemployment or applying for UI benefits and what can be considered as good cause;
- Unemployed workers will now be receiving a receipt of registration after registering in person after termination of employment;
- Processing changes eliminate the need for the “Employment Section” of DoLISA to review proposed decision sent by ESC to Director of DoLISA;
- Changes to the responsibilities of job centres;
- Employers required to provide labourers with information on UI contributions within two working days after a request is made or after the contract was terminated.

Claimants for UI benefits should generally be allowed to register their unemployment and to submit their UI application at any ESC office, and not only at the office located in the area where they used to work. The only reason for requiring the UI claim to be made locally appears to be the SI Book. Terminating workers should be allowed to instruct the local SI to send their SI Books to any region where they want to apply for UI benefits.

Transfers of UI claims to other locations should also be allowed at any time, not only at the start of a UI claim. Nor should migrant workers have to wait until their UI claim has been formally submitted to request a transfer. For migrant workers who must return home, whether to deal with family emergencies or other situations, this provision effectively prevents them from receiving UI benefits, since they often cannot remain in the local area until all of the information, mainly the SI Book, needed to submit their UI claim is available.

²⁴ The legislative system in Vietnam has been described as follows: “A set of rules on a specific issue in Vietnam typically includes: (i) a law drafted by a relevant Ministry, consented first by the Government, then approved by the National Assembly; (ii) an implementing Decree drafted by that Ministry and issued by the Government; and (iii) an implementing Circular issued by the same Ministry.”

(reference: www.nyulawglobal.org/globalex/vietnam.htm, accessed July 27, 2010)

²⁵ The new Circular No. 32/2010/TT-BLDTBXH was issued October 25, 2010.

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Possible Solutions:

In addition to the changes proposed in the above revision to Circular 04, we propose the following amendments to the circular and/or to legislation:

- 1) Provide flexibility in the timeframe to file a claim, by (i) allowing claims to be initiated subject to completion pending the submission of missing documentation, (ii) allowing backdating when there are valid reasons for delay, and (iii) allowing late claims even without valid reasons for delay but without backdating them, provided all eligibility conditions can still be met at the time (notably, 12 months of insured employment in the last 24 months);
- 2) Allow UI claimants to apply at any ESC office, not only at the office serving the region where they worked;
- 3) Encourage claimants to complete their unemployment registration and UI application in a single procedure rather than as two separate procedures, by streamlining timeframes and processes as required: many unemployed workers, employers and trade unions commented on the need to simplify the process;
- 4) Changing the reporting day of the 15th of each month for ongoing registration to a particular week or adding other days, to relieve the significant number of unemployed workers who must report to ESC offices;
- 5) Disallowing benefits to those who quit their job without good cause or are fired because of their own misconduct (with guidelines to decision makers on what constitutes good cause as well as principles of adjudication). See section 2.8 for further discussion.

Our recommendations seek to simplify administrative procedures as well as, wherever possible, the conditions imposed by the UI scheme itself. Complex processes and provisions lead to confusion and delays within the bureaucratic apparatus, to higher costs for everyone involved and to a reduced quality and timeliness of the services provided to citizens and to employers. This philosophy is, we believe, consistent with Project 30 as initiated by the Prime Minister of Vietnam. Project 30 is aimed at all government ministries and includes UI and SI procedures, forms, processes and directives. Its objectives are to provide “more efficient, less costly and faster compliance with administrative procedures” for both citizens and businesses. For the state, Project 30 aims at increased effectiveness, professionalism and ethical standards.

2.8 Distinguishing between “Quitters” and Involuntary Job Loss

Two of the provisions of the Vietnamese UI scheme stand out as quite different from what is normally provided under a UI scheme. The first such provision is the granting of benefits to all job leavers, no matter why their last job was terminated. A second divergence from normal practice is the lump sum payment of remaining UI benefits when unemployed workers find a job.

As applied internationally, unemployment insurance benefits are primarily intended for workers who lose their jobs involuntarily, through no fault of their own. This is recognized in ILO Convention 168, which states in article 20 that benefits “may be refused, withdrawn, suspended or reduced... (b) when it has been determined by the competent authority that the person concerned had deliberately contributed to his or her own dismissal; (c) when it has been determined by the competent authority that the person concerned has left employment voluntarily without just cause.”²⁶ Such provisions do not require much explanation: no one should be allowed to collect insurance benefits if they burn down their own house.

²⁶ Convention 102 has similar provisions.

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Thus, under almost all UI schemes, workers who quit their jobs voluntarily are temporarily or permanently disqualified from receiving benefits. Canada and most of the United States are examples of permanent disqualification, while most European countries and Japan impose a temporary delay, often 1 to 3 months but sometimes longer, before they can receive benefits. In Thailand, reduced UI benefits are paid for 90 days, at 30 per cent of wages, to those who leave voluntarily, instead of 50 per cent of wages for up to 180 days, for regular job losers. In addition, UI benefits in Thailand are refused to those who were fired due to misconduct or illegal action. All of these provisions aim to avoid moral hazard and abuse as well as to control costs.

Vietnam has for now adopted a universal entitlement system under which anyone with sufficient insured work (at least 12 insured months in the last 24) can receive UI benefits without delay nor penalty, no matter why their job ended. This is so even if they are fired by an employer for misconduct (under article 85 of the Labour Code), for example for committing detrimental or criminal acts or for not reporting for work.

Over time, this could contribute to unsound labour practices and behaviour, misuse of the UI scheme and rising benefit costs. Equally important, it would hurt the credibility of the UI system, by showing it to be a source of easy money rather than a true insurance program.

Compounding the situation, the UI scheme of Vietnam provides that individuals can receive their remaining UI benefits in a lump sum once they find employment, even if they return to work with the same employer. For many, especially transient and low-skilled workers, the combination of “quitting” and “lump sum benefits” may become an incentive to cash in their 3-month UI benefit every year, as a type of annual bonus – perhaps even with the collusion of an indulgent employer. This bonus will become even more attractive in 2012, when workers with 36 months of service will become entitled to 6 months of UI benefits. It also seems rather arbitrary to extend such lump sum payments to individuals who remain unemployed for a single day over the 15-day initial unemployment period, but not to those who find a job on the 15th day – arbitrary cut-offs like this are usually a sign that a scheme is in need of repair.

ILO Convention No. 102 defines the contingency of unemployment as the suspension of earnings due to the inability to obtain suitable employment by a person who is capable of and available for work (article 20). The definition of Convention No. 168 is similar, with article 10.1 adding that the person needs to be actually seeking work. The lump sum payment under the current provisions therefore goes beyond the contingency of unemployment as defined by international standards and does not serve the purpose of protecting against unemployment.

It is thus recommended to, first, cease the lump sum payment of the remaining UI benefits and, second, to pay benefits only to those who lose or leave their jobs involuntarily. An alternative might be to still pay benefits but only at a reduced amount or after unemployment lasting more than the usual 15-day initial period of unemployment, for example only after 2 or 3 months.

In our opinion, it is not valid to rationalize the lump sum payment of UI benefits as a cost-effective reemployment bonus, in other words as an incentive to rapid reemployment. The experience of other countries which have piloted such methods, such as the United States during the 1980s²⁷, Canada in the 1990s and the Dutch city of Rotterdam²⁸, showed that reemployment bonuses were not likely to reduce unemployment duration appreciably.

²⁷ “Lessons from the U.S. Unemployment Insurance Experiments”, Bruce D. Meyer, *Journal of Economic Literature*, Vol. 33, No. 1 (Mar., 1995), pp. 91-131, Published by: American Economic Association.

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As stated in the Canadian study: “Re-employment bonuses or supplements have not been shown to reduce unemployment benefit payments substantially – certainly not by enough to justify their use on this basis alone.”²⁹

That said, a contrary view has been offered in South Korea, where the Early Reemployment Allowance was evaluated in 2005 to be an effective tool in getting the unemployed to return to work earlier than would otherwise occur³⁰. In that country, the provisions for paying this bonus are, however, fairly strict: first, the jobseeker must start a new job before having used up half of their UI benefits; second, they can then receive half of their remaining benefit entitlement; third, they must maintain that job for at least 6 months; and fourth, the new job must be with a different employer than the previous one.

What is clear, however, is that there could be no UI savings unless the lump sum payment was less than the remaining UI benefits, as it is in South Korea. The conditions for UI benefits in South Korea should also be noted, in particular the fact that they can be paid for 3 to 8 months, that they are only paid to persons who lose their jobs involuntarily, and that claimants must report every two weeks to the employment office.

Grounds for differentiating between different types of job losers are already contained in the Vietnamese Labour Code, under the provisions governing severance payments. Those provisions still apply to service before 2009 as well as to workers who have not come under the new UI scheme (mainly workers in enterprises with less than 10 employees). The Labour Code thus distinguishes between the following categories of job leavers:

- Layoffs due to business restructuring, for which employees are entitled to 1 month of severance payment per year of service;
- End of contract situations, for which employees are entitled to ½ month per year of service;
- Unilateral contract termination by the employee, where no severance is paid; and
- Misconduct or criminal cases, where no severance is paid.

Similar distinctions should be made for UI purposes, with appropriate adjustments. Crucially, instead of being left to employers, such decisions would be made by UI staff. However, before initiating such an approach, careful preparation would be needed. Differentiating between voluntary quitters, misconduct cases and involuntary job loss will be much more difficult to administer than the current uncontrolled approach. There will be a need for clear rules and procedures, for an effective and easy appeal system for claimants and for well trained staff. For example, the employer and the unemployed worker might not agree on the reason for job separation, requiring UI staff to make a thorough assessment and investigation.

²⁸ “Carrot and Stick: How Reemployment Bonuses and Benefit Sanctions affect Job Finding Rates”, Bas van der Klaauw, Jan C. van Ours, Institute for the Study of Labor, Bonn, Germany (July 2010) (<http://ftp.iza.org/dp5055.pdf>).

²⁹ “Testing a Re-employment Incentive for Displaced Workers: The Earnings Supplement Project”, Bloom, Schwartz, Lui-Gurr, Lee, Social Research and Demonstration Corporation, Ottawa, Canada, 1999 (page 87, <http://www.hrsdc.gc.ca/eng/cs/sp/hrsd/prc/publications/research/1999-000152/SP-275-02-01E.pdf>).

³⁰ The abstract of an evaluation published in 2005 by the Korea Labor Institute (full report available in Korean on their web site, www.kli.re.kr) states the following: “According to investigations on the reemployment bonus in the US and Canada, the Reemployment Bonus System has only minimal effects on shortening an individual’s unemployment benefit recipient period, and is therefore not cost-effective in triggering the early reemployment of the unemployed. In Korea, however, the Reemployment Bonus System was found to be cost-effective, bringing the unemployment period down by an average of 31 days. In particular, the system showed the maximum effects when implemented in parallel with activation policies supporting reemployment activities such as job placement and job training.”

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In addition, some “quitters” may have good and sufficient reason for leaving their former employment, and their claims should be allowed if such reasons are validated: for example, dangerous working conditions, salaries not paid, sexual harassment or other valid reasons.

Overall, in spite of the added administrative complexity, one should expect a significant reduction in UI claim costs once a distinction is made between layoff cases and those arising from unjustified voluntary departures or cases of misconduct.

Pending the legislative changes required to abolish the lump sum provision, particular attention should be paid to any situations where individuals return to work for the same employer which they had before claiming UI benefits. Those cases should be investigated to determine whether UI claimants did in fact leave their employer and whether they did in fact remain unemployed and without remuneration for at least 15 working days, as required by the UI legislation.

2.9 Loss of HI Coverage during the UI Adjudication Period

Unemployed workers must turn in their Health Insurance (HI) cards when they terminate their employment. Those HI cards will later be returned to them and their coverage reinstated, if and when they qualify for UI. The consequence is that there is a temporary interruption of HI protection even for those who fully qualify for UI, until their claim is processed and their HI card given back to them.

One solution could be, for qualifying UI claimants, to reinstate the HI coverage back to the date that an unemployed worker lost his or her job. However, this is not an ideal solution, given the uncertainty that would exist in the meantime for out-of-work people. Perhaps a better solution would be to provide an automatic one-month extension of HI coverage to all workers who terminate employment, a practice which is common in private insurance. Such an extension would also appear consistent with the Vietnamese government’s stated objective of providing health insurance for all citizens by 2014.

2.10 Outstanding Issue: Speed and Quality of Payment to UI Claimants

A critical measure of success for a UI scheme is whether UI claimants actually receive the benefits to which they are entitled without undue delay. During this review tour, we were not able to evaluate how long it actually takes before UI benefits come into the hands of qualified unemployed workers. We asked the question a number of times and were never able to obtain a simple answer, which is a cause of concern.

Once the ESC has completed its tasks and certified a UI claim for payment, it has no control over the payment of benefits. That task belongs to the individual SI offices, based on their own rules and procedures. Those processes have been developed over time, we assume, to deal with the other social insurance regimes, namely sickness, maternity, occupational disease or accidents, and pensions. It is not known whether they have been adapted or are fully suited to the needs of UI claimants, which need rapid payment, even more so than for most other SI benefits.

The UI Procedure manual has a section on how those payments are to be handled by VSS, namely Chapter IV. That section mentions an array of forms and procedures and describes a process which winds its way through various levels of the VSS system, involving the provincial-level SI, the district-level SI, the commune-level SI, a number of checks and balances and listings, the service implications of which are difficult to assess.

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It may be that UI payments are made promptly to all eligible recipients, but we just don't know whether this is so or how quickly this is done. One way of determining speed of service would be to survey of a random sample of former UI claimants, comparing the date when they became unemployed with the date that they filed as well as with the date when they received payment. Such a survey could indicate whether or not remedial action is needed.

Under ILO Convention 102 (article 71, paragraph 3 and article 72, paragraph 2) as well as under Convention 168 (article 28), the state has the general responsibility to ensure the sound administration of the UI scheme, which includes the timely and accurate payment of benefits. In addition, Convention 102 (article 70, paragraph 1) and Convention 168 (article 27) both lay down rights of appeal to deal with disputes with respect to the right to benefits or their amount.

It would thus be useful to also measure whether persons who ask for benefits are generally granted or refused the benefit, and any subsequent complaints in that regard. Furthermore, it would be useful to monitor the complaint mechanisms themselves, to determine the manner and time required to deal with complaints, the matters being raised in those complaints and whether they were resolved in the claimant's favour or not. Regular monitoring of these issues should gradually be integrated into the operations of the UI scheme.

2.11 For Consideration: Investigation and Control Unit

Benefit programs such as UI can easily be misused, wilfully or by error. All of the countries with UI schemes have thus found it essential to invest significant resources and effort to control misuse and abuse. In Canada, for example, the return on such investment of resources is about 5 to 1, in other words every dollar invested in investigative activities has produced benefit savings of about \$5. We have not touched on this subject during our review, primarily because the UI scheme in Vietnam is new and not likely to have yet given rise to significant misuse and fraud.

It would however be risky to neglect this aspect of UI administration for too long. Experience has shown that a few unscrupulous individuals will expend considerable ingenuity to find ways of circumventing legislation and controls. Such misuse can be the result of external or internal fraud. Fictitious employers and contribution records can be created for the purpose of systematically defrauding the UI system, sometimes even involving organized criminal groups. Some employers and workers might collude to gain UI benefits which should not be paid.

We recommend that early consideration be given to setting up an investigation and control unit, with only a few staff at first, to establish criteria and controls for further action.

3. Required Statistics for Actuarial Study in 2011

Definition of Actuarial Evaluation

The actuarial review of a UI scheme consists in an evaluation of the scheme's financial status and prospects. It requires a complete understanding of existing UI legislation, operations, procedures, as well as insight into future plans. The review includes an assessment of the plan's main design features and, as warranted, recommendations to modify any features or processes which could have a significant negative impact on the program's finances, or on its soundness as a social insurance program.

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Required Scheme Data

Given that the Vietnamese UI scheme started collecting contributions in 2009 and paying benefits in 2010, two basic data sets will be needed as a starting point: 2009 and 2010 historical data on contributions and contributors, and 2010 data on benefits paid and beneficiaries. The required data should be provided separately for each year and for each of the 64 provincial offices. The national totals should also be provided on a monthly basis in order to gauge how rapidly the new scheme is growing and whether it is tending toward a relatively stable state.

As regards claim and benefit data, in addition to the above, we would request that the number of unemployment registrations, UI applications made and accepted, transfers requested and authorized and lump sum payments be provided for each of the 64 provincial offices, for all of 2010 (not on a monthly basis). Age and sex breakdowns are not required at this time.

The fund balance at the end of 2009 and of 2010 is also necessary, as well as the costs of administering the scheme in each year, broken down into its main components.

Other Requested Information

It would also be useful to have the contributions and contributor data for the SI and HI schemes for the same two years, also on a monthly basis, in order to compare with UI. This could give us some idea of the eventual impact on UI coverage and contributions of removing the 10-employee exclusion, some data on employment seasonality and on relative compliance with contribution provisions.

The unpublished (as of the date of this report) study by MoLISA's Institute of Labour Science and Social Affairs on "Viet Nam Social Protection Strategy for 2011-2020" would be particularly useful in projecting the development of UI coverage in coming years. This forthcoming study was quoted in "Labour and Social Trends in Viet Nam 2009/10", jointly published by MoLISA and ILO in June 2010, in the following terms:

“According to ILSSA projections, by 2015 there will be an estimated 14.5 million workers participating in the social insurance system, accounting for less than one-third of the total labour force. Of them, 12.8 million workers will participate in the compulsory scheme and 1.6 million in the voluntary plan. Also, the total number of participants in the unemployment insurance scheme is forecast to be 8.9 million by 2015.”

An additional item of statistical information is of course the regular Labour Force Survey. Such surveys are an essential input into economic analysis and to the monitoring of economic trends. The information collected through such surveys is to be made public as soon as possible, in order to provide up-to-date information to the public, to researchers, to academics and to analysts.

At this time, detailed results are available from the 2009 LFS, conducted by the General Statistics Office in September of that year. Access to the micro-data file for that survey would be desirable.

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Projection Factors

The following information will be independently secured by the actuarial consultant through a review of external forecasts, an assessment of short and medium term economic forecasts, and consideration of alternative scenarios. Published statistics and National Accounts data will be reviewed, notably those from the General Statistics Office. Online sources will be considered, such as the Economist Intelligence Unit, the International Monetary Fund, the World Economic Forum and others.

To project the data forward, it will be necessary to make a number of assumptions. In a very summary way, the following main assumptions will be required for contributors and contributions:

- growth in the covered population, based on expected growth in the insured portion of the labour force (namely salary and wage earners), on expected compliance with UI coverage and contribution provisions, and on possible changes in such provisions;
- growth in covered wages and salaries, based on economic forecasts, including real GDP growth, expected increases in the Consumer Price Index (CPI), expected changes in minimum wages (since maximum insured earnings equal 20 times minimum wages), and on possible program changes.

On the benefit side, we will have to project the expected number of beneficiaries and the expected benefits that will be paid per beneficiary, which involves:

- growth in the covered population (as above), as well as the expected change in the rates at which UI benefits will be claimed. The latter should normally depend on changes in the unemployment rate within the covered population, on the extent to which claimants meet qualification requirements or change their work patterns in order to do so, on claimants' knowledge, attitudes and decisions regarding UI claims, and on possible changes in program provisions;
- growth in average benefits paid per claim, based on the expected duration of claims, on the average amount paid per month and on possible changes in program provisions.

In order to project the UI fund balance, it will also be necessary to assume the investment yield that will be earned on excess funds.

Growth in the covered population will depend essentially on future demographic trends, as well as on labour force participation rates (influenced by economic trends) and on the growth in the formal economy, influenced in part by the trend towards increasing industrialization and urbanization.

Non-actuarial Uses of Scheme Data

A Central Statistical Unit is needed to provide a framework for the monitoring of all of the operations of the UI scheme, within the Bureau of Employment. That statistical unit will be responsible for the coordination of all data collection, both on the benefit and contributory sides of the ledger. Informatics systems will be the essential tool that this unit will use to manage such data collection, eventually by direct links to operational systems, including those of the partner agency, VSS.

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Complete statistical data must be collected under the UI scheme in order to monitor results, detect emerging trends, provide adequate financial and accounting information as well as to provide the basis for projecting future costs, including the costs of any amendments that might be proposed. Detailed data on the plan's operations will also be essential for analysts and researchers who are interested in reviewing the scheme's parameters, its impact on employers, employees, unemployed persons as well as on the overall economy.

Equally important, program managers need to have some advance knowledge of expected workload, in order to deploy available resources as effectively as possible. In general, this can only be done by first understanding the development of past experience. In the short-term, current trends can probably be projected forward by simple regression methods, but such results need to be carefully checked and validated by informed individuals.

Data requirements can be classified according to their primary purpose. Thus, certain items of information will be collected in order to monitor administrative performance, for example, the volume of claims and the percentage accepted for payment of benefits; the time needed to reach a decision on a claim, measured from the time it is received, and the percentage of claims on which decisions are delayed beyond a reasonable period; reasons why claims are refused; the number of appeals submitted by claimants, how quickly they are dealt with and with what result.

Eventually, a sample of terminated claims should be selected on a random basis, in order to do a post-audit evaluation of the quality, speed and accuracy of decisions and to initiate corrective actions. A random survey of claimants could also be conducted in order to assess their satisfaction with the services received.

Other data will be collected as basic information on the program's operations, the number of claims that start in each month, the number of payments made each month, the total amounts paid, average amounts, and so on.

Another category of data would be those items which will form part of each claimant's individual record, to be eventually computerized and extractable for analytical purposes, for example the length of previous work history for each claim, the level of the former earnings, their former occupation, education, family status, place of residence, age and sex.

Last but not least, there are the statistics on employer and employee contributions. A vast array of data can be obtained from administrative records dealing with contributions, such as average insured wages, number of employees per employer, distribution of contributions and contributors by age, sex, industry, location, etc. Vietnam Social Security will be responsible for the collection of data on UI contributors and UI contributions.

All of the above information can eventually be included in a comprehensive annual report on UI operations, on the main characteristics of claimants and contributors. This would allow authorities to determine, for example, whether most claimants return to work before getting all of their benefits, whether the net intake (contributions less benefits) is positive or negative and for which groups (by age, sex, industry or location), or how the claimant and contributor distributions change over time and relative to minimum wages and to maximum insured wages.

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4. Conclusion

The implementation of the first UI scheme in the history of Vietnam can certainly be considered a success and we wish to congratulate all those involved in the implementation of UI in 2010 including the Bureau of Employment, Vietnam Social Security and Provincial Social Insurance, Employment Service Centres and Department of Labour, Invalids and Social Security as well as employer and worker groups.

However, there are a number of issues that require immediate attention and also longer term issues. In the short term, the heavy claim load carried by the two largest ESCs needs to be addressed. Also, we recommend the creation of a working group comprised of BoE and VSS (PSI) staff as well as representatives from ESCs to look at a number of possibilities to resolve the bottleneck in obtaining the updated SI book as quickly as possible. This group could also deal with the issues raised concerning the collection of contributions. We would recommend the working group be chaired by the ILO.

In the longer term, the other issues should be reviewed and discussed with a view to enhance the UI scheme such as:

- Communication issues and the creation of “best practises list” and creation of Public Liaison Office in ESC;
- Structural changes within organization dealing with UI scheme;
- Procedure changes/streamlining/standardizing;
- Distinguishing between “Quitters” and involuntary job loss;
- Penalties to Employers;
- Resource Determination Model needs to be developed to assist BoE management in the allocation of staff based on need;
- Loss of HI coverage during adjudication period;
- Speed of payment to UI claimants (including performance indicators);
- Investigation and Control Unit.

Relating to the issue of vocational training, the review team found few referrals being made, apparently because most unemployed workers readily find jobs on their own and see little need for such training. How this situation may evolve in the future is unknown at this time but should be monitored, no other action being recommended in the circumstances.

The working group (including systems representation) could also be involved in the development of a new computer software application to be used electronically in the processing of a claim for benefit and the testing of the application in pilot sites prior to national rollout.

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

APPENDICES

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Appendix “A”

The schedule of 6-months evaluation for Unemployment Insurance in Viet Nam

Target:

1. Carry out the 6-months review of the UI implementation progress and outputs against UI laws, policies and procedures, so as to give recommendations for improving UI policies, procedures and collaboration among involving organizations.
2. Review the information and monitoring systems, and financial forecast in order to spot out the need of additional reports/information for all levels of management and especially the financial forecast section.
3. Other issues will also be looked at, e.g. quality services, the awareness of employees and employers about their rights and responsibilities as being a participant of the UI scheme.

The evaluation team includes:

1. Bureau of Employment (BoE), Ministry of Labour, Invalids and Social affairs (MoLISA): 3-4 people
2. Independent Consultants: 2 (Leader of the evaluation team, Actuarial consultant)
3. ILO: 1 staff

In the field:

1. Hanoi
2. Binh Duong
3. Da Nang

No	Date & Activity	When	Where	Participants	Content
	21/6/2010				
1	International Consultants have a meeting with ILO	10am-12am	ILO office	Shafi Hassendeen, Thuy Quynh, Ngo Thi Loan	Welcome and discussion of goals
2	Evaluation team meet with Leaders of BoE	2 pm-3 pm	BoE Office	Evaluation team and BoE Leaders	Agree on the contents and process of the evaluation
3	Meeting: evaluation team to go through the method of evaluation.	3 pm -5 pm	BoE Office	All members of the evaluation group.	

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No	Date & Activity	When	Where	Participants	Content
	22/6/2010				
4	Meet with UI	9 am-11 am	UI Office	All members of the evaluation group.	Understand the implementation progress of UI in Viet Nam
	Meet with VSS– Collection Department	2 pm-3 pm	VSS Office	All members of the evaluation group.	Understand the collection progress of UI fund until now and estimate the collection and payment progress of this fund in the coming period
	Meet with VSS – Payment Department	3 pm - 4.30 pm	VSS Office	All members of the evaluation group.	Understand the payment of UI fund until now and estimate the payment progress in the coming period
	23/6/2010				
5	Meet with VCCI - Representative of Employers in Vietnam	8.30 am-10.00 am	VCCI	All members of the evaluation group.	Understand the matters that concern employer representatives about UI fund.
6	Meet with Vietnam General Confederation of Labor	10.30 am - 11.30 am	Vietnam General Confederation of Labor	All members of the evaluation group.	Understand the matters that concern worker representatives about UI fund.
	Internal Evaluation	Afternoon	BoE Office	All members of the evaluation group.	
	24/6/2010: Hanoi Employment Service Centre				
7	Meet with leaders of Hanoi Employment Service Centre	9 am-10 am		All members of the evaluation group.	- Understand the implementation of UI scheme in Hanoi
	Visit Unemployment Department- Hanoi Employment Service Centre- HN1	10.15 am-11.30 am		All members of the evaluation group.	- Understand the process of collection, UI registration and continuing steps.
	Meet with Leaders and Appraisal Dept of UI in Hanoi DoLISA.	1.30 pm-2.30 pm		All members of the evaluation group.	- Understand the results of work done by Employment Service centre, DoLISA and the coordination between DoLISA, ESC and related organizations.
8	Meet with Hanoi Social Insurance: Collection and Payment Departments.	3 pm - 5 pm		All members of the evaluation group.	- Understand the Collection and payment of UI fund until now and estimate the collection and payment of this fund in the coming period.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

No	Date & Activity	When	Where	Participants	Content
	25/6/2010: Visit Hanoi Employment Service Centre				
9	Meet with Unemployment Insurance Dept- Hanoi Employment Service Centre.	8.30 am-10.00 am		All members of the evaluation group.	- Understand the process of receiving UI registration and continue relating steps.
	Interview the Unemployed people when they come to ESC.	10 am-11.30 am		All members of the evaluation group.	
	Visit and work with 2-3 companies having no employees or just a few registering for UI within the recent 6 months.	2 pm-5 pm	Go to Companies	The group separates into 2 small groups to visit companies. In companies: The groups meet the representative of business leaders, human resource Dept and Trade Union.	- Understand the awareness of Employees and employers about UI - Understand the issues that Employees meet when they take part in UI.
	26/6/2010				
	The two consultants go to Ho Chi Minh City				
	27/6/2010				
	Others members of the group go to Ho Chi Minh City				
	28/6/2010: to Binh Duong Province				
10	Have a meeting with Leaders of Employment Service Centre of Binh Duong Province and Appraisal Department in Binh Duong DoLISA	8.30 am-9.30 am		All members of the evaluation group.	- Understand the result of work done by Employment Service centre, DoLISA and the coordination between DoLISA, ESC and related organizations.
	Meet with UI Dept – ESC in province and Interview Unemployed people when they register at ESC.	9.45 am-11.30 am		All members of the evaluation group.	- Understand the process of receiving UI registration and continuing steps.
11	Meeting with Provincial General Confederation of Labor.	2 pm-3 pm		All members of the evaluation group.	- Understand what concerns employees about UI
12	Meeting with PSS: Department of UI collection & payment	3.15 pm – 5 pm		All members of the evaluation group.	- Understand the collection and payment of UI until now and estimate the receiving and spending of this fund in the coming period.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

No	Date & Activity	When	Where	Participants	Content
	29/6/2010: Binh Duong				
13	Visit 2-3 big companies having no employees or just a few registering for UI in the recent 6 months.	9 am-12 am	Go to some Companies	The group separates into 2 small groups to visit companies. In companies: The groups meet the representatives of business leaders, human resource Dept and Trade Union.	<ul style="list-style-type: none"> - Understand the awareness of employees and employers about UI fund - Understand the issues that Employees may meet when they take part in UI.
14	Meet with leaders of ESC Ho Chi Minh and leaders of Appraisal Dept in DoLISA Ho Chi Minh	13.30 pm-15 pm			<ul style="list-style-type: none"> - Understand the result of work done by Employment Service Centre, DoLISA and the coordination between DoLISA, ESC and related organizations.
	Go to Da Nang city in the afternoon	4-5 pm			
	30/6/2010: Da Nang City				
15	Have a meeting with Leaders of Employment Service Centre of Da Nang City and Appraisal Department in DoLISA	8.30 am-10 am		All members of the evaluation group.	<ul style="list-style-type: none"> - Understand the result of work done by Employment Service centre, DoLISA and the coordination between DoLISA, ESC and related organizations.
16	Meet with UI Dept in ESC office and Interview the employees when visiting Employment Service Centre.	10.15 am-11.30 am		All members of the evaluation group.	<ul style="list-style-type: none"> - Understand the process of receiving UI registration and continuing relating steps.
17	Meet with Da Nang Social Insurance: Department of UI Collection and Payment.	2 pm-4 pm		All members of the evaluation group.	<ul style="list-style-type: none"> - Understand the collection and payment progress of UI until now and estimate the collection and payment progress in the coming period.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

No	Date & Activity	When	Where	Participants	Content
	1/7/2010: Da Nang City				
18	Meeting with Da Nang Labour Federation	8 am- 9.30 am		All members of the evaluation group.	- Understand what concerns employees about UI.
19	Visit 2-3 big companies having no employees or just a few registering for UI in the recent 6 months.	10 am- 11.30 am	Visit Companies	The group separates into 2 small groups to visit companies. In companies: The groups meet the representatives of business leaders, Human resource Dept and Trade Union.	- Understand the awareness of employees and employers about UI - Understand the issues that employees meet when they take in part to UI
	Coming back to Hanoi	Afternoon			
	2/7/2010: Working in Ha Noi				
	Meeting of the evaluation group				
	The consultants work independently				
	3,4,5/7/2010:				
	The consultants work independently				
	6/7/2010:				
	The consultants present the preliminary results of the review – a workshop will be organized				
	7/7/2010:				
	The consultants leave Ha Noi				

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Appendix “B”

Questionnaire for Unemployed Workers on Registering for Unemployment or Applying for Monthly UI Benefits -- June 2010

<p>An evaluation study is being conducted on the implementation of Unemployment Insurance commencing January 1st, 2010 in Vietnam.</p> <p>As part of the evaluation study, we are interested in hearing your comments on the level of service provided by the Employment Service Centre and others who are part of the registration-application process.</p> <p>It is optional to provide your name, address and phone number.</p> <p>It would be appreciated if you could complete the questionnaire and submit to the UI staff upon completion. This information will assist the Bureau of Employment to develop strategies to enhance service to the public and improve Unemployment Insurance overall.</p> <p>Thank you for taking the time to complete the questionnaire and if you have any questions, UI staff will be pleased to assist you.</p>	<p>Please circle the most appropriate answer to each of the questions using the following codes, which gives the extent to which you either agree or disagree with the statements.</p> <p>Strongly Agree = 5 Agree = 4 Neither Agree or Disagree = 3 Disagree = 2 Strongly Disagree = 1</p> <p>For questions with: “yes - no - don’t know” please circle the appropriate response.</p>
<p>Required Information:</p> <p>Name of Provincial Service Centre you received service from: _____</p> <p>On this visit, I (mark with an ‘x’): registered for unemployment _____ () applied for monthly UI benefits _____ () other (specify) _____ ()</p> <p>Termination Date with employer _____</p> <p>Date requesting service from Employment Service Centre: _____</p>	
<p>Personal Information (OPTIONAL TO COMPLETE)</p> <p>Name: _____</p> <p>Address: _____</p> <p>Telephone Number: _____</p> <p>SI Book Number: _____</p>	

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “B” (cont’d)

**Questionnaire for Unemployed Workers on Registering for Unemployment
or Applying for Monthly UI Benefits -- June 2010**

1. Before my employment was terminated					
a. I am under UI coverage	Yes - No - Don't Know				
b. I heard this information from.....					
c. My employer always paid UI contributions for me	Yes - No - Don't Know				

2. After my employment was terminated					
a. My employer was aware of the requirements of providing me with my Social Insurance Book and record of termination.	Yes – No – Don't Know				
b. My employer provided me with the Social Insurance Book and letter of termination (5=within 7 days; 4=within 14 days; 3=within 21 days; 2=within 28 days; 1=did not comply)	1	2	3	4	5
c. I was aware of the requirement to register within 7 working days of my termination from employment.	Yes - No - Don't Know				
d. I was aware of the requirement to apply for benefits within 15 working days of my registration for unemployment	Yes - No - Don't Know				

3. This Provincial Employment Service Centre					
a. Is in a good location for me to access services	1	2	3	4	5
b. Has adequate signage to identify where to go when registering for unemployment or applying for Unemployment Insurance services.	1	2	3	4	5
c. Provides adequate information on the unemployment insurance scheme	1	2	3	4	5

4. The Unemployment Insurance staff worker					
a. Was pleasant when Introducing himself-herself	1	2	3	4	5
b. Was courteous throughout the interview	1	2	3	4	5
c. Explained my rights and obligations while receiving UI benefits	1	2	3	4	5
d. Seemed to be knowledgeable about unemployment insurance	1	2	3	4	5
e. Was able to answer all my questions	1	2	3	4	5
f. Took additional time to ensure all information submitted	1	2	3	4	5
g. Provided additional information to assist with finding work	1	2	3	4	5
h. I left the Provincial Service Centre satisfied with the service I received	1	2	3	4	5

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “B” (cont’d)

Questionnaire for Unemployed Workers on Registering for Unemployment or Applying for Monthly UI Benefits -- June 2010
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i. Please write any other comments on your impressions of the service you received at the Provincial Service Centre:

5. What suggestions would you make to ensure the public is well informed about the unemployment insurance scheme

6. What suggestions would you make to improve service at this Provincial Employment Service Centre

7. Do you have any suggestions to improve unemployment insurance in general in Vietnam

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

[Appendix “C”](#)

UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Ha Tay region of Hanoi)

Codes	1			2				3			4										5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i				
HT1	yes	Leaflet	yes	yes	2	yes	yes	5	5	5	5	5	5	5	5	5	5	5	Very satisfied	Information from press and media to public and enterprises	Would like the Center to extend deadlines for UI application		
HT2	yes	From enterprises	yes	yes	1	yes	yes	5	5	5	5	5	5	5	5	5	5	5	- Staff at the Center are very helpful, the service is good. - I'm very satisfied with the ESC	- Information should be provided through leaflet and other tools at registration office . - Policies should be disseminated to employers. - Employees should have clear understandings about their rights and the responsibilities.	- Through leaflet, ESC should inform enterprises/employers about the labour benefits.	- UI information isn't widespread, people have to find out by themselves. - On becoming unemployed, the trade union or the enterprise didn't inform me about UI. - Need more time to complete all UI procedures. - Give priority to update SI books for unemployed people.	
HT3	yes	Leaflet	yes	yes	2	yes	yes	4	4	4	4	4	4	4	4	4	4	4				- Social insurance bureau should cooperate with former employers to complete related documents and to provide to ESC.	

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

[Appendix “C”](#)

UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Ha Tay region of Hanoi)

Codes	1			2				3			4										5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i				
HT4	yes	Enterprise	yes	yes		yes	yes	5	5	5	5	5	5	5	5	5	5	5	Very satisfied	Public information on media and press and to enterprises as well as employees	Extend the registration date for UI or solving all issues in a quick manner and make the process more convenient for employees.	Try to handle the issue for unemployed laborers in a quick and most convenient way.	
HT5	yes		yes		1	yes	yes	5	5	5	5	5	5	5	5	5	5	5	Staff are very helpful and gave nice explanation. I'm very satisfied with the Center's services	Popularize information through media and leaflets. Information should public through television channel such as news or policy information or through leaflet.	ESC should send information to enterprises/employers for them to inform employees	The union and employers didn't give any information about UI in case of unemployment. I would like the Social insurance give priority to update insurance book of unemployed workers.	
HT6	yes		yes	yes	1	yes	yes	5	5	5	5	5	5	5	5	5	5	5	Staff are very helpful and gave nice explanations. We are very satisfied with the Center	Should often public information on press and media	Training or consulting sessions should be given to employees about UI.	Employers should quickly process the insurance book for employees in support for employees to apply for UI.	
HT7	yes	Unemployment insurance Center	yes	yes	2	yes	yes	5	5	5	5	5	5	5	5	5	5	5		Information should be communicated to people		Employees should be prioritised to process the insurance.	

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

[Appendix “C”](#)

Appendix “C”

UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Ha Tay region of Hanoi)																							
Codes	1			2				3			4										5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i				
HT8			yes	yes	1	yes	yes	4	4	4	5	5	5	5	5	5	5	5		The enterprise should provide information to workers			
HT9	yes	Colleague	yes	yes	5	yes	yes	5	5	5	5	5	5	5	4	4	5	5	Staff are very helpful. Thanks to the Center for helping me complete documents and explain information which I don't know				
HT11	yes	Enterprise - Song Da No.9 Co. Ltd	yes	yes	1	yes	yes	5	5	5	5	5	5	5	5	5	5	5	This service is appropriate for unemployed like us, it helps us to find job.	Public information on media and press and distribute leaflet	Consulting events should be given	Enterprise should pay monthly insurance for employees in full.	

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

[Appendix “C”](#)

UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Ha Tay region of Hanoi)

Codes	1			2				3			4										5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i				
HT10	yes	Enterprise	yes	yes	1	yes	yes	5	5	5	5	5	5	5	5	5	5	5	5	Staff are very helpful and nicely explain. I'm very satisfied with the Center's services	Information is given through press, media and leaflet at the Center.	The Center should give information to enterprise or employer. Enterprise and employer will then inform employees about their benefits. Through circulation, documents, announcement, leaflet	Hasn't been published widely, employees have to find information by themselves. On becoming unemployed, we weren't informed about UI scheme from the trade union or the enterprise. More time should be given to complete unemployment registration. Give priority to update SI books for those who are unemployed. Unemployment policies are appropriate for employees. Employment services at the Center are very good.

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “C”																						
UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Da Nang)																						
Codes	1			2				3			4									5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i			
DN01	yes	Enterprise	yes	yes	1	yes	yes	5	5	5	5	5	5	5	5	5	5	5	None	Information should be provided to all people	None	Procedures should be reformed to be less time consuming for workers
DN 02	yes	Enterprise	yes	yes	3	No	yes	5	5	5	5	5	5	5	5	5	5	5	Poor infrastructure causes difficulties for both ESC and workers	Procedures seem appropriate, but more equipment is needed for better services for workers during registration and application	- Mass media to provide more general information to workers about UI - Enterprise should disseminate more detailed information to workers - About UI procedures: It is complicated in a way that laborers have to come to ESC for employment related notices, at the same time, go to PSS for receiving cash - Monthly report should be changed to quarterly report	- UI benefits appear small compared to cost of living at urban area. - More suitable policies - Some signals of UI abuse (not so sure) should be eliminated to ensure that UI benefits come to right people

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “C”																						
UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Binh Duong)																						
Codes	1			2				3			4									5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i			
BD1	yes		yes	yes		yes	yes	5	5	1		4	1		1	1	5	2	The processing of UI procedures made by ESC is not good enough.	UI policies retain a lot of inappropriate points for laborers. In particular, 20%-30% of the unemployed go back to their hometown to do farming work, or work in private companies without new labour contract in order to apply the UI benefits. They are still requested to report their employment status monthly to ESC, which creates great difficulties for them.		
BD2	no		no	no															Staff are very nice, but the administrative work is too complicated.	The process of UI application is very long, which causes a lot of money for me. I request to reduce the process to one step only.		

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “C”																						
UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Binh Duong)																						
Codes	1			2				3			4									5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i			
BD4			yes	yes	4	yes	yes	2	2	3	3	2	2	2	1	2	2	1	When unemployed, I went to ESC and felt very disappointed. The ESC did not provide employment services as I was introduced		The ESC should be more proactive in consulting and introducing jobs for the employees. The ESC needs to deploy more staff to handle the registration of unemployment quickly, reducing number of times coming to get benefits.	
BD5	yes	the information board about UI in ESC Binh Duong	yes	yes	5	yes	yes	5	5	5	4	5	5	4		5	4				Application forms	
BD8	yes		yes	yes	4	yes	no	5	5	3	4	3	5	5	5	3 or 4		4		Public information	Quickly handle the issue	
BD10	yes	Enterprise	yes	yes	5	yes	yes	3	4	3	4	4	4	4	4	4	4	4				
BD11	yes		yes	yes	5	yes	yes	3	4	4	3	3	4	4	4	3	3	3				
BD16	yes	Enterprise	yes	yes	5	yes	yes	4	4	4	5	5	5	5	5	4	5	4				

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UNEMPLOYMENT INSURANCE SCHEME**

Appendix “C”																						
UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Binh Duong)																						
Codes	1			2				3			4									5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i			
BD3	yes		yes	yes	3	yes	yes	1	2	3	3	2	3	3	3	4	5	5	I am not satisfied because the process is very complicated and takes a lot of time. I must go to the centre many times as per ESC's requests. I have to spend a lot of money for travel cost, waste a lot of time for waiting, and interrupt my work many times.		After registration of unemployment, I had to go to the ESC 4-5 times. I am afraid that the next registration will take me more time. Please implement the process in more appropriate way to help the employees not to go to the ESC many times and leaving their work incomplete. I request to reduce the process to one step only.	
BD12	yes	Union	yes	yes	4	yes	yes	5	5	5	5	5	4	4	4	4	4	4		Through the Union	Process of paying UI should be simplified to be more appropriate. The current process is too complicated and long.	Consider the option of paying UI benefits through bank.

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “C”																						
UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Binh Duong)																						
Codes	1			2				3			4									5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i			
BD6	yes		yes	yes	5	yes	yes	4	4	4	5	5	5	5	5	5	4	5		Organize seminars on unemployment insurance for employees		Unemployment insurance can extend report time for the next registration of each employee. Not necessary on 15th of each month as it is not convenient for employees to take a day off from new employer
BD7	yes		yes	yes	4	yes	yes	2	1	1									Pls help the employees to quickly complete the documents. At the moment the queue is too long, with inappropriate organisation between steps. Long waiting time to receive unemployment benefits	Guidance provided by enterprises where the employees are working before any contract terminated.	Improve the working process to avoid overloaded situation. Simplify the process	

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “C”																						
UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Binh Duong)																						
Codes	1			2				3			4									5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i			
BD9	yes		yes	yes	5	yes	yes	4	4	4	4	4	2	4	4	2	2		No waiting lounge is provided which causes many unpleasant problems. Pls helps us access to UI benefits			When we came to Thuan An ESC, there were many waiting people, too crowded, people even have to sit on the ground. Should make appointment in advance, people should be advised to visit ESC at different timing
BD13	yes	Enterprise	yes	yes	5	yes	yes	2	2	2	4	4	4	4	4	4	4	4				
BD14	yes	Company	yes	yes	3	yes	yes	3	3	2	2	4	4	3	4	3	2	3	Lack of staff, long queue	Need an introduction programme to connect with employer		Expand the programme. Open more offices in Industrial zone (more convenient for people to register) Public information on media and press.

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UNEMPLOYMENT INSURANCE SCHEME**

Appendix “C”																						
UNEMPLOYED WORKERS QUESTIONNAIRE RESULTS (Binh Duong)																						
Codes	1			2				3			4									5	6	7
	a	b	c	a	b	c	d	a	b	c	a	b	c	d	e	f	g	h	i			
BD15	yes		yes	yes	2	yes	yes	5	5	5	5	5	5	5	5	5	5	5	Good in general. However, information is not widely disseminated. Employees haven't got chance to approach the ESC.	Public information to local people through media, press, leaflet. Information provides at school	ESC should provide seminar on employment with the cooperation of the trade union of the enterprise. Should open more offices	Provide work information on Internet to reduce travel cost.

Coding HT: for all questionnaires collected from Ha Tay region of Hanoi (Hanoi #2)

Coding DN: for all questionnaires collected from Da Nang

Coding BD: for all questionnaires collected from Binh Duong

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “D”

UI Implementation for the First 6 Months of 2010 <i>(from 01/01/2010 to 11/06/2010)</i>							
Regional Office		Unemployment Registrations	UI Applications	UI Applications Approved	Workload Units	Staff	Ratio: workload units to staff
		(1)	(2)	(3)	(4) = (1) + (2)	(5)	= (4) ÷ (5)
National Total		81,273	56,153	40,837	137,426	315	436
Sub-total I	Red River Delta	3,794	2,017	1,589	5,811	68	85
1	Hà Nội 1	936	489	435	1,425	12	119
2	Hà Nội 2	167	110	90	277	7	40
3	Hải Phòng	583	330	206	913	8	114
4	Vĩnh Phúc	696	148	122	844	5	169
5	Bắc Ninh	236	94	75	330	5	66
6	Hải Dương	331	282	210	613	7	88
7	Hưng Yên	90	47	47	137	5	27
8	Hà Nam	377	56	37	433	4	108
9	Nam Định	33	81	12	114	5	23
10	Thái Bình	330	274	254	604	5	121
11	Ninh Bình	15	106	101	121	5	24
Sub-total II	Northeast	1,461	1,102	761	2,563	38	67
12	Hà Giang	36	33	23	69	2	35
13	Cao Bằng	174	171	161	345	2	173
14	Lào Cai	167	123	36	290	3	97
15	Bắc Kạn	9	4	2	13	2	7
16	Lạng Sơn	152	19	20	171	2	86
17	Tuyên Quang	105	77	69	182	2	91
18	Yên Bái	42	37	33	79	3	26
19	Thái Nguyên	100	115	84	215	5	43
20	Phú Thọ	295	233	146	528	5	106
21	Bắc Giang	258	226	123	484	4	121
22	Quảng Ninh	123	64	64	187	8	23
Sub-total III	Northwest	31	54	50	85	12	7
23	Điện Biên	18	16	13	34	2	17
24	Lai Châu	0	0	0	0	2	0
25	Sơn La	0	3	2	3	2	2
26	Hòa Bình	13	35	35	48	6	8
Sub-total IV	North Central Coast	5,689	4,459	3,661	10,148	64	159
27	Thanh Hóa	529	527	504	1,056	9	117
28	Nghệ An	28	348	216	376	6	63
29	Hà Tĩnh	14	219	214	233	4	58
30	Quảng Bình	25	77	59	102	4	26
31	Quảng Trị	51	103	77	154	3	51
32	Thừa-Thiên Huế	294	215	184	509	5	102
33	Đà Nẵng	1,573	790	591	2,363	8	295
34	Quảng Nam	675	449	449	1,124	7	161
35	Quảng Ngãi	359	227	224	586	4	147
36	Bình Định	269	156	118	425	5	85
37	Phú Yên	490	376	376	866	4	217
38	Khánh Hòa	1,382	972	649	2,354	5	471

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “D” (cont’d)

UI Implementation for the First 6 Months of 2010 <i>(from 01/01/2010 to 11/06/2010)</i>							
Regional Office		Unemployment Registrations	UI Applications	UI Applications Approved	Workload Units	Staff	Ratio: workload units to staff
		(1)	(2)	(3)	(4) = (1) + (2)	(5)	= (4) ÷ (5)
National Total		81,273	56,153	40,837	137,426	315	436
Sub-total V	Central Highlands	1,035	812	682	1,847	19	97
39	Kon Tum	24	12	11	36	3	12
40	Gia Lai	107	88	78	195	5	39
41	Đak Lak	505	406	357	911	5	182
42	Đak Nông	42	31	26	73	2	37
43	Lâm Đồng	357	275	210	632	4	158
Sub-total VI	South East	54,996	36,191	25,205	91,187	65	1,403
44	TP. Hồ Chí Minh	25,048	17,286	12,644	42,334	22	1,924
45	Ninh Thuận	299	247	223	546	2	273
46	Bình Thuận	922	657	640	1,579	4	395
47	Bình Phước	1,013	825	654	1,838	4	460
48	Bình Dương	18,497	11,121	8,156	29,618	12	2,468
49	Đồng Nai	6,776	4,243	1,505	11,019	10	1,102
50	Bà Rịa- Vũng Tàu	1,311	917	694	2,228	6	371
51	Tây Ninh	1,130	895	689	2,025	5	405
Sub-total VII	Mekong Delta	14,267	11,518	8,889	25,785	49	526
52	Long An	4,418	3,804	2,503	8,222	6	1,370
53	Đồng Tháp	569	499	443	1,068	5	214
54	An Giang	838	707	606	1,545	5	309
55	Tiền Giang	853	668	514	1,521	3	507
56	Vĩnh Long	1,226	954	922	2,180	4	545
57	Bến Tre	922	805	792	1,727	3	576
58	Kiên Giang	328	253	247	581	4	145
59	Cần Thơ	937	717	518	1,654	6	276
60	Hậu Giang	446	312	270	758	2	379
61	Trà Vinh	2,645	1,725	1,280	4,370	3	1,457
62	Sóc Trăng	298	390	296	688	3	229
63	Bạc Liêu	535	437	355	972	2	486
64	Cà Mau	252	247	143	499	3	166

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Appendix “E”

**Summaries of Meetings during Study Tour,
June 21 to July 1, 2010 inclusive**

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Vietnam 6-month review - Monday, June 21, 2010

Appendix “E-1”

1) INTERNATIONAL CONSULTANTS MEET WITH ILO, 10 AM TO NOON

Attending: Ngo Thi Loan, ILO Project Officer
Doan Thuy Quynh, ILO
Michel Bédard, UI consultant
John Carter, UI consultant

Other ILO staff were unfortunately unable to attend, but the consultants plan to meet with them later, to discuss context, issues and ensure commonality of objectives for the mission.

The group reviewed and confirmed the mission’s target objectives and itinerary, as laid out previously with ILO (cf. Appendix A):

Targets:

1. Carry out the 6-month review of the UI implementation progress and outputs against UI laws, policies and procedures, so as to give recommendations for improving UI policies, procedures and collaboration among involving organizations.
2. Review the information and monitoring systems, and financial forecast in order to spot out the need of additional reports/information for all levels of management and especially the financial forecast section.
3. Other issues will also be looked at, e.g. quality services, the awareness of employees and employers about their rights and responsibilities as being a participant of the UI scheme.

2) EVALUATION TEAM MEETS WITH LEADERS OF BOE, 2 PM TO 3 PM

Attending:	Mr Dai Dong	Mr Hung
	Mr Tu	Miss Mai
	Mr Chung	Miss Anh
	Interpreter	Michel Bédard
	Ngo Thi Loan	John Carter

After introductions, the mission’s objectives were reviewed and agreed upon. Mr Dai Dong noted three items of particular interest, namely the procedures applied during the implementation period and going forward, the handling of cases and financial and forecasting issues.

A number of questions on the UI provisions were raised, with answers as follows:

- the 10-employee exclusion is only applied to the UI scheme
- the minimum age to work in Vietnam is 15, which thus applies also for UI coverage; there is no maximum age
- individuals classified as government officials or as indefinite civil servants are not covered by UI, but contracted civil servants must pay UI contributions
- salaries in Vietnam are normally paid on a monthly basis, with employees receiving an information slip showing deductions
- the general minimum wage (now 730,000 VND) is the reference used to calculate maximum UI contributions, even in situations where a higher minimum applies
- overtime payments or bonuses are not subject to UI contributions

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Vietnam 6-month review - Monday, June 21, 2010

Appendix “E-1”

- employees have legal recourses against employers who fail to deduct and remit the correct UI contributions on their behalf, and could in principle claim unpaid UI benefits from such employers
- indications are that employers are complying with UI coverage provisions, with no difference between local or migrant workers
- financial reports for the UI Fund should be available from VSS
- there is no known information or studies on severance payments paid in the past, as required by law
- available labour market statistics are those already published (e.g. Vietnam Employment Trends 2009)
- the normal work week in the private sector is 6 days but “working days” for UI purposes are based on a 5-day work week, as applies to government
- workers can receive UI benefits no matter why they terminated (e.g. voluntary quit, misconduct, layoff, etc.)
- the exact dates for payment of UI benefits will have to be clarified with VSS
- the former system of household registration (*ho khai*) has no application nor impact on UI

3) EVALUATION TEAM CONVENES TO PLAN THE MISSION

Attending: Mr Tu
Interpreter
Ngo Thi Loan
Miss Mai
Miss Anh
Michel Bédard
John Carter

Mrs Oanh will join the team during the week.

It was agreed to prepare a daily summary of meetings.

A questionnaire for unemployed workers was reviewed and agreed upon.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Hanoi VSS June 22, 2010, 2:00 pm /	Appendix “E-2”
EVENT SUMMARY	
<p>Duong Manh Hung – Manager UI Dept Phung Thi Mai Oanh – Official Bui Huy Nam – Social Security – Policy Board Dang Thu Ha – Vice Manager – Spending Dept Dinh Duy Hung – Manager – Collecting Dept Nguyen Hung Cuong – Vice Manager – Insurance Policy Implementation Dept Nguyen Vinh Quang – International Relations Dept</p> <ul style="list-style-type: none"> - Mr. Hung provided an overview of VSS relating to collection of contributions and payment of benefit; - Provided dissemination of UI scheme together with VCCI; - Disadvantages for implementation: global crisis, the issue of contribution collection for public servants not clear and changing procedures for UI coverage; - Contributions were excluded for the first six months in 2009 for employers but some employers interpreted this to mean the employee share as well but all contributions were eventually collected; - For new enterprises, 1) Business Register: sign contract with EE; go to SI; if sufficient number of labourers, register for UI; after that, employer goes to VSS and after 30 days, SI book created for employee; - Payment: contributions collected for first six months of 2010: 6,315,646 dongs - There are no stats on the percentage of contributions collected from employers; - Experience of implementation: the initial procedures for SI book: worker terminates employment, SI book sent from employer to SI district then to SI provincial, returned to employer, given to unemployed worker who brings the SI book to UI office. They would like to shorten the process by eliminating the step of sending SI book from district to provincial SI; - They feel that the implementation went well (“so far so good”) due to good collaboration between ESC and PSI; - Two lessons from implementation: important to introduce technology as soon as possible and use same common database for sharing information. 	

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

VCCI Meeting – June 23, 2010, 8:30 am /

Appendix “E-3”

EVENT SUMMARY

Attending: John Carter, Michel Bédard, Miss May, Miss Anh, Loan, Interpreter,

- Mr Phung Quang Huy is the Director General, Bureau for Employer’s Activities, VCCI. (also attending is Vi Thi Hong Minh – Manager BEA).
- He expressed surprise at ILO’s involvement with UI.
- VCCI is a member of the VSS Board but has no particular knowledge of UI activities.
- UI is a good policy, employers must comply.
- Small employers (with under 10 employees) are not likely to want to join UI – they are said to prefer severance payment rules, as a less troublesome procedure.
- Employers are not really aware of the advantages of the UI scheme, e.g. that it replaced severance payment.
- VCCI does not propose any particular changes or improvements in UI.
- VCCI participates in Project 30.
- Miss Loan of ILO invited Mr Huy to the July 6 workshop and though Mr Huy had indicated a broad willingness to participate in joint workshops, he remained very tentative about this invitation.

NB – Mr Huy indicated that VSS would perhaps seek to visit Canada and the US in October, concerning the management of investments for social security. VSS currently has no investment expertise nor managers of any kind. Michel Bédard indicated he would be pleased to help Mr Huy make appropriate contacts in Canada.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

VGCL Meeting – June 23, 2010, 10:30 am /

Appendix “E-4”

EVENT SUMMARY

- Thanks to the participation of Mr Dang Quang Dieu, Deputy Director of Socio-Economic Policy Department at VGCL, this was an excellent meeting in pointing out strong and weak spots in the UI scheme.
- It was first noted out that the severance payment system did not provide for secure payments (1/2 month per year of service).
- At this time, it is difficult for unemployed workers in remote areas to access ESC and UI services, initially or monthly.
- ESC offices may in addition be overloaded at times when unemployed workers report monthly (on 15th). The example given was HCMC, with 6 offices and 30,000 unemployed workers.
- Dissemination of information is still lacking, in spite of VSS and MoLISA assistance to date. Only 50% of workers may be aware of the UI scheme.
- It can take up to two months for unemployed workers to receive UI payments.
- Issues surrounding processing and timeliness are multiple, notably delays in issuance of SI books.
- Mr Dieu suggested possible greater involvement of local trade unions with employers re: SI book. (Note: trade union reps are paid by employers, sometimes HR director of company...)
- Penalty for paying contributions late much too low, maximum of 20 million dong. Going to 30 million. Suggest 150%, 200% of late contributions.
- Had many good things to say about UI, benefit rate, provisions, really interested in vocational training and employment services.
- 10 ‘EE coverage: probably a good thing, most should want if they understood. (Note re: South Korea.)
- Guideline re: dealing with SI book.
- BoE has no idea of when UI benefits paid. Once a decision is made and sent to VSS, it is out of their hands.
- ESC could ask returning claimants when they were paid.
- *Consider a survey of workers re: awareness, perhaps jointly with VGCL.*
- *Emphasis should be on developing communication strategy, or correcting current strategy.*

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Hanoi 1 ESC – June 24, 2010 – 9 am /

Appendix “E-5”

EVENT SUMMARY

NB: all members of the evaluation team present.

- Overall, Hanoi ESC reports successful implementation of the UI scheme.
- Funds were used to train directors, HR managers at enterprises and trade unions, as well as to disseminate information at large, for example through leaflets, a hotline and mass media – though lack of awareness of the UI scheme is still flagged as an issue.
- Hanoi covers a very large area and worker population.
- Workers can be quite selective in their job choices, preferring stable jobs.
- There have been very few UI claims in Hanoi, only 641 qualified out of 1,155 unemployment registrations to date in 2010. Is this too low to be believable?
- It is felt that the re-submission of the UI claim file to DoLISA is unnecessary duplication.
- The time needed to update the SI book is too long, and it often prevents workers from qualifying: this needs to be addressed, yet the backdating would not fix the core issue of delays.
- Eventually, the UI system should link electronically to VSS in order to avoid any need for the SI book.
- The 8 satellite offices have just 1 person per office, but there is no processing done there so that additional staff would only be needed if there is a higher volume of incoming claims than one person can handle – which does not seem to be the case for now.
- To reduce payment delays, perhaps the payment of benefits could be handled at ESC through a delegation of VSS authority to deliver payments.
- When the SI book is delayed, ESC should contact employers when necessary.
- However, SI book delays are not fully explained: is it the employer’s or VSS’s fault, or a systemic issue caused by the interaction between employers and VSS?
- A recurring theme is the need for effective punishment for the late payment of UI contributions, which appears to be a factor explaining a number of delays in issuing the SI book.
- It was noted that there were only 2 vocational training applications: why?
 - Lack of date flexibility to deliver training?
 - Are courses irrelevant, compared to the many opportunities of finding jobs?
 - Is training of low quality?
 - Maybe some migrant workers have to return home to their families and thus cannot access training?
 - One DoLISA staff has proposed referring candidates to private training centres, but is there any risk of abuse?
- As yet, there have been no cases of benefit suspension due to two job refusals: should this be a matter for concern?
- 19 UI staff: 12 at Hanoi 1 and 7 at Hanoi 2.
- Maybe people only quit when another job lined up.
- The ESC holds 2 major job fairs per month, with hundreds of employers participating, plus 7 smaller fairs at the district level.
- About 60% of workers in industrial zones are migrant workers.
- International work is preferred by some for higher income or access to technological experience.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Hanoi VSS – June 24, 2010 – 3 pm /

Appendix “E-6”

EVENT SUMMARY

A number of issues impacting directly on VSS were raised by the Hanoi VSS representative:

- Confusion in the provisions governing civil servants.
- The fact that not all SI-covered are UI-covered.
- Confusion as to whether and to whom the government contribution is being made.
- The lack of health coverage faced by unemployed workers after registration, until they recover their Health Insurance card.
- The problem that occurs if an unemployed worker finds work or is suspended after his payment has already been processed.

Other issues mentioned were:

- The extent of travel to and from the ESC office for an unemployed worker, and the special difficulty this would pose to a migrant worker.
- Difficulty of meeting the initial 7-day limit.

Suggestions offered:

- Issue a document defining coverage more clearly.
- Consider covering either all public sector employees, or none.
- Clarify the payment manner for the state contribution, preferably by having it paid directly into the UI Fund.
- Address the time delays, and minimize the need for travel by unemployed workers to government offices.
- Consider a single processing agency, preferably VSS given its experience with SI and HI.

It was noted that Hanoi VSS and ESC have together eliminated one step from the claim processing stream.

Some statistics:

- 854,751 UI contributors in Hanoi
- collection target is 399 billion dong for 2010 (expected is actually 430 B), compared to 367 billion collected for 2009
- 642 payments in 2010, 1.6 B dong paid out

Other discussion:

- perhaps feasible to initially just certify SI book for UI
- it takes 10-15 days for VSS to issue payment once notified by ESC
- DoLISA sends its payee list every week, VSS issues payments every 2 weeks
- Local VSS reports to central each month
- SI book might eventually be unnecessary for UI, once all data stored electronically at VSS

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Hanoi 2 ESC – June 25, 2010 – 8:30 am /

Appendix “E-7”

EVENT SUMMARY

NB: all members of the evaluation team present (Loan delayed until 11 am)

ESC: Mr Hung, ESC Director / Mr Thao, Vice director / Ms Huong, Chief of UI Department

Description

- This office has a staff of 7, 4 of whom have university degrees
- They have 3 offices and satellites, some quite distant (60-70 km).
- They have done the usual training and communications.
- Their computers are connected to the Internet.
- The office has received 198 registrations, with 72 in-transfers and 12 out-transfers.
- 115 applications were UI qualified, payments issued in 106 cases.
- They hold a major job fair on the 1st of each month, with about 60 employers posting 3000 jobs but only 200-300 jobs taken up (due to not finding qualified or interested workers e.g. because of low salary).
- Smaller job fairs are held 3 times a month, but not many people show up.
- Jobs can also be posted on the ESC’s billboard and on the Internet.

Concerns

- SI book delays are a significant issue.
- Sometimes the ESC director phones up the HR managers to speed up the SI book.
- Cannot shortcut the SI book since it is required by procedures.
- Many workers do not fully understand UI, its provisions and requirements. Some even expect immediate payment of benefits.

Comments

- Few claims in Hanoi due to stable work environment, high need for manual laborers and large number of public sector employment. Other workers are selective or require work suited to their education.
- ESC cannot report on timeliness of UI payment since they have no feedback from VSS or workers.

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Two Companies in Hanoi – June 25, 2010, 2:00 pm /

Appendix “E-8”

EVENT SUMMARY

1) Chee Wah (Vietnam) Toys Company:

Mrs. Hien, SI staff,
Miss Nga, SI staff,
Mr. Ha, Trade Union Official

Company started in April 2008 and had a major strike in July 2008; full capacity is 6,000 and they have currently 2,100 workers on payroll.

They conducted a workshop to disseminate information on UI and posted bulletins on union notice board.

High turnover in staff as approximately 100 workers leave every month (most are quits) and most are young workers.

At this point, no one has qualified to receive UI benefits.

All are covered by contract for one year.

Main problem is the completion of the SI book as they feel not enough time allowed for its completion by SI (especially in cases where they work only half month and need to wait until end of month to determine if insurable in last month).

2) Artex Tien Dong Company: Mrs. Huong, HR Manager

Produce bamboo and rattan products and is seasonal in nature.

They employ 600-700 workers (in 2007/08: 1,400 but dropped to 400 after that).

No claims have been filed yet from workers here.

No termination since January 2010.

No difficulty with UI policies and procedures.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

DoLISA and Binh Duong ESC - June 28, 2010, 8:30 am /	Appendix “E-9”
EVENT SUMMARY	
<ul style="list-style-type: none"> • Results of implementation: <ul style="list-style-type: none"> - The province has 10,198 enterprises (1,850 enterprises with foreign investment, 8348-Domestic invested enterprises) with 672,296 employees working in the enterprises in the province. - The province has four points of UI registration and application with 22 staff members. - Implementation results to date 24/06/2010: Number of UI Registration: 20,408 people Number of eligible UI applicants: 12,483 people Number of entitled cases to monthly UI benefits: 9578 people People are entitled to one-time payment: 633 People People requesting unemployment benefits: 4789 people Number of people requesting vocational training: 0 persons Number of UI suspension: 779 People Number of UI end: 1479 people • Communication: <ul style="list-style-type: none"> - ESC has been conducting propaganda about the unemployment insurance policy through leaflets, posters, in combination with communication during job fair sessions since late 2009. - Early in 2010, the center, conducted propaganda through the Center's website and, together with provincial confederation of labor and trade unions at all levels, communication sessions extensively for businesses in the province and workers in local areas through official letters. - The Center signed a contract with Binh Duong Newspaper to publish 80 issues on UI policy and UI situation in Binh Duong. - The Center answers questions of employees by email, telephone and direct consultation at the job fairs. • Advantages: <ul style="list-style-type: none"> - The coordination among Stake-holders: Agencies involved in UI policy implementation in Binh Duong have good relationships, work smoothly together, and regularly conduct meetings between the parties to discuss and remove difficulties in the implementation process. - The unemployment insurance procedure manual serves a guideline for officials and staff to unemployment insurance. - The SI books are updated in a timely manner to ensure timely UI application submission. - Slow pay of social insurance contributions in Binh Duong is not a problem because Binh Duong PSI has done a good job on collecting social insurance, health insurance, and unemployment insurance. - Software has been applied to UI policy Management and implementation at the Center and its satellite offices, however the software is not fully developed that can only partially support the staff in doing their job. • Difficulties <ul style="list-style-type: none"> - Human Resources and infrastructure: Binh Duong has the second largest number of UI registrations nationwide, though the number of UI staff is too little, and that is not enough to meet the actual needs: an average working day of a UI staff is about 10 hours, works all Saturdays, sometimes have to work on Sunday as well. The Workload is too heavy. Infrastructure is insufficient failing to meet the job demands: the three satellite offices are temporary 	

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

DoLISA and Binh Duong ESC - June 28, 2010, 8:30 am /

Appendix “E-9”

borrowing working space at District Labor, War Invalids & Social Affairs and vocational training schools, small rooms cannot meet the need for UI registrations and applications of the workers.

- According to the UI policy, unemployed workers being entitled to unemployment benefits must report to the ESC on the 15th every month. Thus, too many people come for registrations and monthly reports on the 15th (>5000 people came in June) overloaded the center staff.
- A complete UI management software is not yet available.
- Binh Duong is currently facing labor shortage, but the UI policy may also have some negative impact on the labor turnover rate in the province (workers who contribute to UI for 12 months, quit their jobs to enjoy the UI benefit then move to another company to work). This causes difficulties for enterprises in their production and business activities.
- There are not yet documents specifying when to consider someone is employed? Is the probation time counted? Are they qualified for unemployment benefits?
- Some companies issue job termination decisions to employees without recording the specific date or specific instructions to employees that they should go to ESCs for registration.
- The procedure is still complicated in that employees have to travel so many times (at least 9 times) from ESCs to district social insurance.

- **Recommendation**

- Specifying the reasons for job loss, base on that to decide which case can be entitled the UI benefits to avoid the risk of increased labor turnover in the locality due to UI policy.
- Develop good software for UI management
- Increase the staff members for UI policy implementation in the province to reduce the workload at the center
- Recommend additional training for staff: new training and advanced training to increase staff capacity.
- UI communicator training, each Center should have a staff in charge of UI policy communication.
- Time for monthly report should be extended from one day (on 15th of the month) to 2-3 days.
- Unify communication leaflets and methods across the country.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Binh Duong VGCL, June 28, 2010, 2:00 pm /

Appendix “E-10”

EVENT SUMMARY

- **Background info:**

- Binh Duong Province has seven districts with four locations to receive registrations
- In the province, 4433 enterprises have participated in UI policy with 500,468 workers contributing to UI. Of which, 450,000 workers are in the private sector (accounting for 89.92%), 325,000 workers in FDI enterprises, 124,900 employees in enterprises with foreign investment.

- **Communication**

- The Federation of Labor in cooperation with the ESC conducted extensive communication sessions to all workers at companies with assistance from trade unions in the province

- **Advantages:**

- Workers and employers were aware of their rights and their responsibilities when participating UI
- Large number of enterprises have their trade unions working
- Due to the high worker demand in Binh Duong, the unemployed workers can easily find new jobs.

- **Difficulties**

- There are a number of businesses without trade unions, and therefore, ESC and social insurance are responsible for the policy communication to workers in those enterprises.
- Some businesses do not participate UI policy because they do not understand the regulations on unemployment insurance or its related sanctions
- According to the regulations, unemployed workers who are entitled to unemployment benefits have to come to ESC for monthly reports in 2 days. That cause and overload of people showing up and the center has no ways to accommodate.
- The workers on sick leave for more than 14 days per month do not have to pay SI contributions but still have to cover HI and UI contributions. This causes difficulties for workers.
- Some businesses delay a large amount of social insurance contributions and the social insurance books cannot be updated.
- Most workers in Binh Duong are migrant workers, when they quit their jobs, they tend to come back home to find another jobs and that makes it difficult for them to claim for UI benefits (after registration and transfer request submission at Binh Duong ESC, they have to stay to wait for the updated SI book)
- Workers, who are entitled to unemployment benefits, find jobs in informal sectors without labor contracts with employers, shall not be entitled to the lump sum payment.
- Vocational training: under current UI regulations, unemployed workers are only entitled to a maximum amount of 300,000 VND/month for short-term vocational training. Therefore, it is difficult for workers who want to attend a longer-term vocational training.
- A number of firms do not issue the termination decision when workers leave their jobs, so the UI procedures cannot be completed.

- **Suggestions**

- Expand monthly report time from one day to 2-3 days.
- The workers near retirement age or are eligible for pension do not have to pay UI contributions.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Binh Duong Social Insurance June 28, 2010, 3:15 pm /

Appendix “E-11”

EVENT SUMMARY

- **Characteristics of the province:**

- Binh Duong province is a key economic area in the South of Vietnam, with one town and six districts. Binh Duong’s population reached 1.5 million people (2009)
- The province has 24 industrial parks in operation.
- Enterprises and workers holding SI policy are main in the FDI sector (65%), enterprises established under the Enterprise Law (25%).
- Annual increase of SI participation is about 30,000 - 40,000.
Migrant Labor in the province account for 80% of the total labor holding SI books. The rate of labor turnover: 60%

- **Communication**

- End of 2009, the PSI agencies implemented comprehensive training for 100% of the enterprises participating in SI in the province, actively develop communication brochures, posters to serve as official guide to UI participation, rights and procedures.
- Binh Duong SI, in cooperation with the provincial radio and television, hold live TV on UI policy in order to disseminate the policy and answer employees’ questions

- **Implementation Results**

- Number of SI Participations in 2009: 4,367 firms with 518,127 employees. In which 2995 firms participate UI (up 68% of the enterprise participate in SI), with 492,234 employees (accounting for 95% of the total number of employees participating in social insurance)
- Number of employees leaving their jobs in 2009: 330,000 people
- Number of employees leaving their jobs in 2010: 140,000 people
- Total UI contributions collected in 2009: 170 billion VND
- Total UI contributions collected in 2010 first quarter: 48 billion VND
- Number of SI books updated in the first 5 months of 2010: 130,000 books
- The updated books eligible for UI claim: 41,763 books (accounting for 32.12% of the books updated)
- Number of unemployed workers have been paid unemployment benefit is 7867 people
- The average amount paid: 1,000,000 VND / month
- The highest amount is 7.8 million dong / month x 3 months = 23,400,000 VND
- The total unemployment benefits payment to date 16/06/2010: 17 billion VND
- There have been no complaints from workers and employers so far about Binh Duong social insurance.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Binh Duong Social Insurance June 28, 2010, 3:15 pm /

Appendix “E-11”

- **Difficulties and problems:**

- More than 41,000 updated SI books are eligible for UI benefits, but the actual number of UI beneficiaries is just over 7,000 people. This may be caused by: the number of migrant workers is big, and they transfer UI claims to their home-provinces; they can immediately find a new job; workers are not aware of the UI policy.
- The UI procedure is still lengthy and complicated causing cumbersome to workers.
- It's advisable to extend the application deadline.
- Under current regulations, employees who contribute to UI from 12 months to 36 months shall be entitled to unemployment benefits for three months: the wide time frame may cause abuse of UI funds (after paying UI contributions for 12 months, workers may leave their jobs to enjoy UI benefits then find a new jobs to continue paying UI contributions). There is a need that authorities should consider narrowing the time frame of UI entitlement.
- There are delays for social insurance, health insurance and unemployment insurance contribution payments in the province, but it is not big: Binh Duong SI proceeds with updating SI books for unemployed workers from businesses with SI debt of less than 3 months with a commitment to paying fully. The PSI does not update SI books of enterprises owing SI contributions for more than three months. So far, the PSI has sued 4 big SI late payers and will do the same to 16 other cases.

- **Some creative renewal of Binh Duong:**

- The PSI divides SI book Update into two: one for those eligible to UI benefits who will be on priority (processed within two days), workers who are unemployed and not eligible to UI claim will go through normal process (15 days).
- Time of payment: Binh Duong SI stipulated payments 2 days per week (Tue and Thu).
- Payment points: When a worker receives UI payment decision, they are also given an instruction sheet listing all required documents and their closest payment location, and time of benefits payment.

- **Recommendations, suggestions:**

- Set different amounts of benefits according to the time of UI contribution payment to avoid misuse of the fund, which might possibly cause an increase in labor turnover.
- Extend the deadline for UI application
- Simplify UI procedures.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Garment Company in Binh Duong June 29, 2010, 9:00 am /

Appendix “E-12”

EVENT SUMMARY

- **Company information:** Protrade Garment Co. Ltd. (www.protradegarment.com)
 - The Company has 4 factories with approximately 2,700 employees (all are long-term laborers: after the one month of probation, a 1-3 year contract is made)
 - High rate of migrant labor: 70-80%, most of them are female employees, they tend to work for a short while then quit to go back home. Therefore, there is a high rate of labor turnover.
 - There are hardly any skilled workers at entry point, so the company has to conduct in house training for 1-1.5 months. Their apprenticeship period lasts for 6 months (during that time they are entitled to SI benefits but do not yet participate in UI), after that they will be offered a long-term contract.
 - Average monthly salary: 2.8 million
 - Work overtime: 33hours / month
 - Workers are supported lunch, transport and housing.
 - The company products are mainly for exporting to European, U.S., Japanese markets; high quality standards require skilled workers.
- **Communication:**
 - The Company receives UI information and training ESC, DoLISA, PSI, and PVGCL through seminars and written guidelines.
 - Company to conduct UI communication to employees through trade union, training courses on company internal rules, rights and obligations of employees.
- **UI implementation and some constraints:**
 - When employees leave, the company will proceed updating the SI book immediately to ensure UI rights for workers.
 - Quicker update of social insurance book: from 7 to 10 days, ensuring the deadline for registration and application of UI claim.
 - The company totally agrees with the recommendations of experts: after employers send SI books to PSI for updating, the book will then be sent directly to ESC for proceeding UI Claims, instead of going through employers and employees.
 - When workers want to quit, they have to give notice to the enterprise according to the time limit prescribed in the Labor Code, the employer will then agree and sign the termination decision and get the SI book updated for the employees. Where there is resignation of labor without notice, the employer will sign a dismissal decision 5 days after that.
 - The company strongly supports the unemployment insurance policy because this policy made the company more profitable than the former termination pay mechanism.
 - Awareness of workers about SI and UI is still limited and many would not know their rights and responsibilities. Workers prefer the severance to UI benefits because they receive severance equal to ½ month salary for a year of working from the company without paying UI contributions and undertaking complicated procedures. Now, with the unemployment insurance policy, they have to pay 1% monthly salary, and have to go through a much more cumbersome procedure than the severance allowance.
 - UI policy might cause an increase of labor turnover rate in the company
- **Recommendations**
 - Extend the deadline for UI registration and application to ensure benefits for employees.
 - Policy researchers should need to consider ways to reduce possible UI negative impact to labor turnover in enterprises.

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Foster 2 Electric Co., Binh Duong, June 29, 2010, 10:30 am / Appendix “E-13”

EVENT SUMMARY

- **Introduction:**

- 100% Japan FDI company
- The company's main product is mobile phone headset.
- The company has three factories in Vietnam: two factories in Binh Duong province and one in Da Nang.
- 2 factories in Binh Duong province have 9900 employees, and in Da Nang 1,000 employees.
- 97% of the workers are female
- Approximately 70% are migrant workers
- High turnover of workers: 500 to 600 people leaving every month, the company recruits about 1000 workers each month.
- Hot time of job termination: March and April
- Working hours: 8 hours/ day, 6 days / week; 2h of overtime/day.

- **Communication**

- The Company was aware of the unemployment insurance policy through the ESC, DoLISA, PSI and Labor Union.
- Company communicates the UI policy to workers through HR; training dept., mainstreams in training sessions; trade union also maintain the policy on company's bulletin boards, and feedback boxes.

- **UI implementation:**

- The company prioritizes updating UI qualified workers' SI books: within 4 days
- The company get SI books updated on workers' leave
- For the first 6 months of 2010, the company has 1000 cases eligible for UI claims, but only 400 workers came to pick up their SI books.

- **Recommendations**

- The funds should be properly used to truly support the workers who actually encounter financial difficulties due to job loss.
- Procedures and implementation process should be simplified to help workers reduce their travels from agency to agency so many times.

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Ho Chi Minh City ESC/DoLISA June 29, 2010, 1:30 pm /

Appendix “E-14”

EVENT SUMMARY

Mr. Dan – DoLISA HCM
Mr. Liem – HCM
Mrs. Chi – ESC HCM
Mrs. Nhung – ESC HCM
Mr. Khanh – ESC HCM
Mrs. Suong – ESC HCM

Registrations for employment are the highest in the country of Vietnam.

Due to high number of application for UI benefits, and as a result of surveys and studies, satellite offices opened in 5 districts; claims received from satellite offices were checked for completeness and sent to main office for actual processing.

They are using software called “B Soft” which was initially developed by PSI and offered to the ESC prior to implementation; HCM City expected more assistance during implementation but it was extremely busy and the ESC took the initiative and implemented the software to assist them with the heavy claim load.

Because of the high number of claims, they doubled checked all claims processed but are no longer using the checklist.

Mr. Liem is planning on completing a report on all aspects of the implementation and will provide the evaluation team with the final copy.

ESC received considerable support from DoLISA and PSI assisting in administration and procedures.

Difficulties:

- 1) Space a problem – accommodation as well as supplies such as tables, chairs etc;
- 2) Number of UI Applications increasing substantially but report shows it is somewhat stabilizing but need more time to qualify; in general, implemented policy successfully but still need more staff to accommodate heavy claim load;
- 3) Needed to make several changes to procedures which were unique to HCM; worked closely with PSI to overcome problems with SI book.

Recommendations:

- 1) Procedures – make more realistic and reasonable – take into consideration the characteristics of the local area;
- 2) need new software and apply throughout country;
- 3) accept stamp for SI Book when all payments fully received;
- 4) need more facilities – recommend BoE develop a video concerning ongoing registrations to continue receiving UI payment; video could be shown in waiting area on this and rights and obligations.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Da Nang ESC/DoLISA, June 30, 2010, 8:30 am /

Appendix “E-15”

EVENT SUMMARY

Mr. Nguyen Phao – ESC Director Da Nang

Mr. Ngo Dinh Loi – DoLISA – Vice Manager – Employment Services Dept

Felt there were organizational difficulties first experienced at time of implementation and the timeframe too short to implement a national program.

Number of UI applications received in first four months acceptable (50 to 100 per month) but last two months, there has been a substantial increase in the number of applications for benefit (over 600 per month in May and June.

They are concerned that the increase will continue for the remainder of the year and also have blackouts 2 days a week which impacts on productivity.

Feel procedures are too troublesome with too many steps to make it effective; no mechanism to deal with ER not providing SI Book in a timely manner.

Problem with backup for Director relating to finalizing claims for benefit and more backups are needed.

Need empowerment for ESCs to deal with bottlenecks.

Financial issues: only have sufficient budget for first three months of implementation – need to obtain funding by borrowing from other budgets.

Usually the busiest time of the week is when there is a power outage and many unemployed workers use the time to file a claim.

Recommendations:

- 1) need backup for DoLISA Director;
- 2) Include in reports pending claims to assist manager in monitoring claim load;
- 3) Reduce amount of travel time for unemployed workers to file for registrations/applications; consideration is being given to setting up satellites;
- 4) Project 30 – complete claim (assessing, calculating, final decision at ESC eventually;

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Da Nang PSI June 30, 2010, 8:30 am /	Appendix “E-16”
EVENT SUMMARY	
<p>Le Anh Nhan – Vice Manager – Da Nang Tran Dinh Duong – Manager Policy Dept Nguyen Thi Chien – Vice Director Truong Ngoc Hung – Vice Manager – Policy and Law Dept</p> <p>Their area covers 6 districts and one island district with 160,000 workers covered by UI and 3,215 employers. The number holding SI Books totals 129,943.</p> <p>Developed communication products to introduce new UI provisions to enterprises as well as they posted the procedure manual on their web site and held seminars on SI collection and UI matters.</p> <p>Advantages at implementation: good communication – better informed enterprises; also, Da Nang’s economic sector draws a substantial number of workers.</p> <p>Disadvantages:</p> <ol style="list-style-type: none"> 1) Economic recession – had to delay collection of contributions; 2) Regulations were not always clear on UI coverage; 3) Many enterprises not paying contributions; 4) Procedures introduced but not always clearly defined (e.g. some workers do not have clearly defined address); 5) Perception of abuse of workers who quit their job and collect UI payments for three months and unemployed worker immediately returns to previous employer; <p>Contributions Collected: 2009: 612,499,000 dongs; 2010: 46.8 million dongs (March), 92.5 million dongs (April), 178.9 million dongs (May) and 294.3 million dongs (June).</p> <p>Payments: no report on number of workers where payment could not be sent to an appropriate address.</p> <p>Some cases are not being paid because they are migrants – no permanent address and they constantly move locations – they do not pick up their SI Book and SI can’t contact them.</p> <p>Contributions owing: 800 enterprises owe about 46 Billion dongs over 3 months.</p> <p>If employers are owing contributions for less than 3 months, look at their history of payments and work with them to come to some agreement on payment arrangements. They have computerized data back to 1990.</p> <p>Labour investigators will follow up on those who do not pay contributions and will impose fines and/or penalties.</p> <p>Two groups of late payers:</p> <ol style="list-style-type: none"> 1) Those employers who are truly in trouble in paying their contributions – need to help them out with some plan (roadmap) and 2) Those employers who are abusing the system – need to be very strict with these situations. <p>Payment to unemployed workers is made similar to pension payments (6th of every month)</p> <p>They feel it is necessary to clearly define what is unemployment as well as a clear definition of a public servant.</p>	

**SIX MONTH REVIEW REPORT ON THE VIETNAM
UNEMPLOYMENT INSURANCE SCHEME**

Da Nang General Confederation of Labour, July 1, 2010, 8:00 am / Appendix “E-17”

EVENT SUMMARY

This meeting was held with the Deputy Director & with the Law and Policy Officer of that office.

Their organization strongly supports UI, has held information workshops for its members and worked with DoLISA and VSS on communications.

They report 1,167 enterprises and 129,317 workers currently paying UI contributions, 740 qualifying claimants out of 1,145 registered workers receiving UI benefits.

Problems they reported concerned:

- the travel distance that unemployed workers must cover, since there is only 1 claim processing center
- many employers not paying UI contributions on time, which causes difficulties for unemployed workers in meeting time frames
- the suggested imposition of larger fines to delinquent employers
- the suggestion that unemployed workers should be allowed to qualify in spite of employer non-compliance
- the fact that some workers, especially senior workers, have 10 or 11 months of insured employment, cannot qualify
- the need for additional communications budgets from MoLISA

When questioned, they saw no cause for concern about workers who might quit their jobs mainly to claim UI benefits. This should be infrequent behaviour, since most workers want to keep good jobs.

SIX MONTH REVIEW REPORT ON THE VIETNAM UNEMPLOYMENT INSURANCE SCHEME

Da Nang Employer Visit, July 1, 2010, 10:00 am /

Appendix “E-18”

EVENT SUMMARY

The enterprise visited was Hunex Co., and the meeting was held with the Vice DG of the company as well as with the Chief of its Administration Department.

Website: http://www.hunex.com.vn/?option=com_content&view=article&id=1&Itemid=67

They manufacture high-quality footwear and garments for export to Europe and employ 1,600 workers, 80% of whom are women. They experience high turnover, about 80% annually, especially amongst workers with low education. They give their workers long-term contracts, and do their own training, with about 200 trainees at any time. Depending on the occupation, such training can last for 3-4 months or 6-7 months. Their average wage is about VND 2.2 million monthly, compared to 1.5 to 1.8 million for other companies. However, their UI contributions are based on a much lower wage, in accordance with the regulated wages decreed by government, 6 grades for the garment sector.

They worked with VGCL and VSS to provide UI info to their employees, through bulletin boards, group meetings and workshops.

They consider the new UI system more advantageous to them as an employer, since they used to spend about 3% of payroll on severance payments but will now only spend 1% on UI contributions.

So far in 2010, they have had about 1,100 former workers who might qualify for UI but the 7 and 15 day deadlines for registering their unemployment and for filing a UI claim pose a problem, given VSS timeframes for paying UI contributions. If a worker quits at the beginning of a month, they will not be able to meet requirements.

Contrary to another employer we had visited, Hunex claims that all workers pick up their SI Books when notified.

SI + HI + UI contributions do represent an economic burden for employers, which is why it is common for many to delay payment, though not Hunex.

VSS/local SI should be more flexible, e.g. if there is a one or two month delay.