

## MINISTRY OF LABOUR OF MYANMAR

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### COUNTRY BRIEF

#### UNEMPLOYMENT INSURANCE OF MYANMAR

##### **Introduction**

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

##### **Labour Market Situation and challenges**

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

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

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

5. Nowadays, the Foreign Investment Law was enacted in Myanmar. As Myanmar has invited foreign investments, job opportunities will be increased accordingly. The provision that local professionals are entitled to enjoy same remuneration and facilities as foreign professionals is made in this Law. Besides, deep sea port projects and special economic zone projects are being implemented so, local employment opportunities would be more transparent and increased.

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

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

8. While the concerned ministries are taking measures in order to achieve the objectives of ASEAN Economic Community 2015, the Ministry of Labour, Employment and Social Security is also taking efforts for the participation of Myanmar skilled workers in the free flow of skilled labour of ASEAN by 2015. For that purpose, National Skill Standard Authority (NSSA) of Myanmar has been formed since 2007 and under the guidance of the NSSA, 173 occupational competency standards

have been drawn by the respective ministries, organizations and experts. In doing so, 14 Occupational Competency Standards Committees have been formed to study regionally and globally recognized skill standards to draw up own occupational competency standards as standardized ones and to harmonize them with regional and international standards.

## **Part II: Existing Programmes to Protect the Unemployed**

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

2. As the Social Security Act was enacted in 1954 and it was entered into force in Myanmar since 1956, the length of time that the social security scheme has existed is now over 56 years. Insured workers are entitled to enjoy temporary disability benefit, permanent disability pension and survivors' benefit in times of sickness, maternity, death and employment injury in this 1954 Social Security Act. The Social Security Scheme practiced in accordance with this Law primarily carry out the activities on health care for insured workers.

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

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

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

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

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

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

8. Rules are now being drafted for the implementation of the new 2012 Social Security Law. In these rules, the total contribution to be paid under the unemployment insurance system would be 2% of the employee's salary including 1% by an employer and 1 % by a worker respectively. The insured worker shall be entitled for unemployment cash benefit up to 2 months (60 days) after he would have completed the qualifying period of 36 months' contribution.

9. In spite of the completion of an insured worker's qualifying period of 36 months' contribution, if he, who has never enjoyed unemployment benefit before, becomes an unemployed person after he has paid his contribution for more than 48 months, an insured

worker would be entitled to unemployment cash benefit up to 3 months (90 days). If an insured worker who has never enjoyed unemployment benefit before although he has completed the qualifying period of contribution up to 48 months, become an unemployed person after he has completed the qualifying period of over 60 months, the insured worker would be entitled to unemployment cash benefit up to 4 months (120 days).

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

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

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

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

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

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

15. The measures to protect the unemployed have been stated in the above. Myanmar does not have the existing unemployment insurance system. The new Social Security Law was

promulgated to introduce the unemployment insurance system in the future and measures are being taken to introduce the new Law in October/November in 2013. Arrangements are being made on the following activities with a view to systematically manage new insurance systems which will further be introduced within one year in the future and benefits for insured workers:-

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

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

### **Challenges**

17. The present difficulties in implementing the Social Security Scheme are:-
- (a) As the employers of small and medium sized enterprises who produce export items, earn less profit due to economic sanctions against Myanmar, adequate remuneration are not able to be paid to workers. As a result of it, these employers are avoiding from paying social security contributions.
  - (b) If it is inevitable, these employers claim the number of their employees which is less than the number of workers being employed.
  - (c) If employers could not state the smaller number of their employees than the actual number, they paid a reduced amount of social security contributions by submitting the fewer amounts of their employees' salaries than the actual amount.
  - (d) As workers do not understand that the social security scheme is for their interest, they don't want to pay contributions.
  - (e) Since the total amount of employer's contribution is 2.5% of the employee's salary accounted for 1.5 % under the Health and Social Insurance System and 1% under the Employment Injury Insurance System and the employee's contribution is 1.5 % of his salary under the Health and Social Insurance System. Thus, the total amount of employer and employee contribution is 4% of the employee's salary and it is rather small compared to international rates of social security contribution.
  - (f) Difficulties can be occurred for employers and employees because more contributions must be collected under the DOS Insurance System and unemployment insurance system according to the new Social Security Law.
  - (g) It is needed to obtain financial and technical assistance in undertaking activities such as publishing and distribution of pamphlets and wall-posted advertisements, shooting awareness raising TV programmes for mobilization and providing awareness for all namely, workers, employers and the responsible personnel of the Government to fully understand.
  - (h) It is also required to gain financial and technical assistance for training rooms, training venues and training facilities for providing training to the staff in order to enhance the capacity building for them.
  - (i) It is obliged to get financial assistance for installation of computers and their related accessories at the Social Security Headquarter, Township Social Security Offices, Workers' Hospitals and all Social Security Clinics in order to implement the computerized system for office.

**Conclusion**

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