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ಸುಸ್ಥಾನೀಯ ದೃಶ್ಯ ತಜ್ಞರ ಸಭೆ

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ಪುಟ: 13:12

Thank you. First of all, I would just say sorry for the delay, an unexpected delay. Today here me, from Ihanvandhoo Constituency and Jeehan Mahmood, Hinnavaru Constituency, Hussain Firushan, Madaveli Constituency and Mohamed Rasheed Mahchangolhi North Constituency, Male' City and Ismail Ahmed, Dhuvaaafaru Constituency. Those are the MPs attending today's meeting. I would also like actually Professor Milan to give an overview of this paper. So, if our members need to clarify anything more from your overview, I will give opportunity to our MPs for the clarifications and if any questions they have even for suggestions. As a start, it would be easy if we get an overview of this paper from Professor. And also, thank you Professor and the team from the Economic Ministry for giving us this opportunity to put some input from our committee as well for your work. Thank you I will give opportunity to Professor Milan.

Consultant, Professor Mr. Milan Vodopivec speaking:

Good morning and good afternoon to everyone. Thank you very much for attending this meeting. I hope we will have a productive discussion and indeed I thank, thank you Mr. Chair for suggesting that I briefly kind of introduce this work. And then really the purpose of today's discussion on my side is really to discuss and obtain your views on the dilemmas in designing a UI program, unemployment insurance program in Maldives. As you will see this is not a simple program, it's actually quite complex. And there are quite a few dilemmas that need to be decided upon and it's great that if you can participate. So, just to confirm in a nutshell to explain what this is. So, this program works so that members who are participating in the scheme and this will be all people who are employed and who have some kind of a formal basis and who actually pay contributions. So, you have the population of people who are employed workers, who pay certain percent of their wages to the unemployment insurance fund and then those that are unemployed, and they fulfill certain conditions above all that they are typically, that they have lost their jobs against their will. So, they are not voluntarily unemployed. Those would receive unemployment benefits and they are certain ration to that, typically you may think about six months to twelve months. And there certain benefit level, typically it is determine as a percentage of previous earning of a worker. And this will is called a replacement rate. And this would be again where is. But it could be 50%, 60%, 70% something like that and it may vary also during the time it may decline. So, this will be the financial part. But very importantly unemployment insurance program has also unemployment services part. And this is, so it is not just the financial transfer



program like pensions. You know, you qualified for pensions, you receive pensions and that's it. Now in unemployment insurance is really the program that conditions typically the unemployment benefit receives. So, in order to once you qualify, in order to keep it next months and next month's so on, you have to do certain things. And indeed, the society if you will is taken the advantage of to this to offer employment services to the unemployed to improve their employability, to improve their motivation, to also have them finding a job through variety of ways, including of course kind of providing the list of job vacancies. But also referring them to what they called active labor market programs, and this could be for example employment subsidies. They can be training programs. So, there are certain programs that really temporary put them often in the working environment. And the hope is that would provide sufficient exposure to work to improve employability and to get eventually the unemployed to work. And so, there are two components of this program. One is the financial part. So, those people who are employed pay contributions and then people who are unemployed receive from this funds, receive their benefits and at the same time you know job centers in the Maldives would offer employment services to groups, focusing on different groups and so on to improve that chances took them employment. Do you have any questions at this points?

Chairman Speaking:

No, it's clear for us.

Consultant, Professor Mr. Milan Vodopivec speaking:

Ok great. So, the experience in develop countries is certainly guidance. And we know in many develop countries, this programs work. I will say reasonably, where menium, they provide compensate, people who lose jobs they compensate them for the loss of income. They also study show that employment service. For example, frequent meetings with the unemployed. Also, trainings that they help to improve chances of the unemployed. We also know, for example more sophisticated things has you know, sanctions. For example, while they help the unemployed to take the job, they sometimes also have negative effects in terms of persons unemployed withdrawing from the labor market. And also, taking jobs that pay less than otherwise. So, the experience in develop country is very rich and surly we can get a lot of information from that experience notherless, introducing such a program to a country like Maldives. So, introducing the program in a country per say is a challenge. And of course, than adjusting the program that it works under local circumstances there in a particular circumstances of the



country is a challenge. And this is a challenge in particular, because the informer sector, the employment is often takes place as a informer employment. That is without a contract, without really the paying being registered in a social insurance and under such circumstances. It is a, that really has a profound effect on unemployment program when it's introduce in the country. And of course, it's also as it is in the Maldives, I mean job centers are only now kind of starting to expand, they gain experience. So, this service is a not widespread. So, it is the particularly the circumstance the have to be accounted for in this presence of the informal employment as well as the fact that the administrative capacity to monitor job sites, for example is lacking. So, the, what I should emphasize that among the conditions that are imposed when introducing unemployment insurance, when receiving benefit, so, employment recipients are supposed to full fill certain conditions. And among are's really report one of, first of all undertake job search and also report about their job search. And so that is quite an important part of the program. The point is that, of course the problems that such a system, such a program introduces is the fact that you only receive unemployment benefit if you are unemployed. And sometimes people may actually forego taking jobs, because they do have the unemployment benefits. And also, here comes the importance of the informal sector, they may working informal sector and actually declared that they are not employed and they would still receive unemployment benefits. In under words the incentives, really the incentive part take job is very important. So, if what I would like to now for us to focus on the questions, I think you received the inception report, that was produced on page 14. There are 7 questions that we could tackle. Do you agree? Or you have any questions? Or should we proceed?

Member of Hinnavaru Constituency Jeehan Mahumoodh speaking:

Hello, I am Jeehan. I represent the Hinnavaru Constituency, one of the northern Constituencies. If I made, if I am to understand correctly the proposed unemployment insurance program essentially applies to a person who previously had a job and has been employed. And has unwillingly lost or in voluntarily lost their jobs, right?

Consultant, Professor Mr. Milan Vodopivec speaking:

Yes.

Member of Hinnavaru Constituency Jeehan Mahumoodh speaking:



Yes. But, if we looked the unemployed people or unemployed population in the Maldives, my concern is, the high rate of young or youth who are unemployed, who have never been in a job before. Therefore, they would not come with experience or, you know the other qualifications that entitle that person to a program, not just that UI benefit but, also the UI support program. So, that could mean that we would still be, given the Maldives context we would still be leaving out a very crucial group of people. And these are young people, and these are the people who are most in need of an unemployment benefit. If we look at other social problems in the country, including the drugs, gangs and etc. And so, I am just wondering if this applies only to people who previously held a job, how are we to cater to this groups.

Consultant, Professor Mr. Milan Vodopivec speaking:

Excellent. Excellent. Thank you very much Jeehan. This is really right on the target question. And I think that's probably one topic that I hope to discuss in this meeting. And you know, indeed I mean that's precisely what do you want to do with this program. How, what is the purpose of this program as I put in the inception report right. In the point is that, while probably it doesn't mean that the youth, and we know, I mean we look from the highest data, you know that unemployment is particularly high among the fifteen to nineteen and nineteen to twenty-four year old. And particularly in atolls. So, and of course, particularly there many of them, most of them they never worked before. So, they would not qualified indeed. So, what is that mean. And so, what I think the experience, yes, we would say that, by own means we don't want to exclude them from this program. But the question is, should we give them money or should we give them employment services. The experience they ask various is, that really such groups may well qualified for employment services. So, they would be coached, they will may have job clubs where they discuss issues about how to go about jobs, where they want take a job. We know that family support them you know, youth in the Maldives, family support is strong. So, under such circumstances what is the best way to approach this kind of a problem. So, looking from experience, yes, we are in short you know the answer would be by our means try to reach, by employment services try to reach these groups. But unless they indeed contribute to the scheme before they would not be given in monetary benefits. They may, for example, if they are included in the training, they may be given trainings the stipends or transportation, subsidies or they may, they are including employment subsidy programs they would be subsidies, their jobs would be



subsidies. But you know so, but just purely providing them with the monetary benefit that's not done in other countries as well.

Member of Hinnavaru Constituency Jeehan Mahumoodh speaking:

May, I will follow up on that. I completely agree with the, making sure that they do not eligible for any sort of financial benefit, by virtue of the factor that they just unemployed. And I also strongly support government proactively, having a program that proactively seeks to engage this group of individuals. So, youth in training program or one that put increase their eligibility for employment or their capacity to increase the employability. But I am also thinking which also requires another set of, if I was looking at the household income and expenditure survey of 2014, and the major reason that this group of people have quoted as the reason for not been employed is just, it's not well explained, but it just says health concerns, health reasons. And so, I think as a nation or it's something for the Economic Ministry to think about very in-depth. Because, if the group of 19 to 24 years old are same. They are not employed, or they are not in a job because of a health reason, then really, we need to explore into what is this health reason that is keeping them away from employment. And that is I guess one thing that we need to check before designing a program that would include them in some sort of future employability net. But having said that I also agree with offering stipends or discounts of programs for them to participate in an employment, employability increasement programs such as increasing their skills or giving them certain set of skills or certifications or etcetera to help them find a job. But at the same time, I feel like there is already so many free education programs in the country, the government already support so many mainstream free education programs. But what we don't have is a vocational technical training program. So, this age group of people that we have for students and children below eighteen years. But we don't have for, you know some sort of subsidized or one that has a stipend or one that has a discount for youth in the vocational training or skills training program, such as a specially those that are required for the main industries here, like tourism and, tourism or construction or fisheries. And so, I am wondering how do we get, I mean the objective of this program is a: obvious to support the unemployed but also to given incentive for the unemployed to see can employment fast and soon enough. So, that they are in the job market, and they can support themselves. So, in order to support this youth group, I am wondering what else can, you know we do outside of the already offered programs for those who have been previously employed, who are eligible for this UI Program. But what else



can we, I think that the government would need to think about what in addition they would be providing this special group of people, especially based on the condition that they siting as the reason for unemployability or unemployment. And so that program will have to be a little different from the, a lot different from the UI employment support programs.

Consultant, Professor Mr. Milan Vodopivec speaking:

Right. Right. Excellent. Thank you very much again for this. Well, I would, I looked quite in detail in the highest nineteen data about discouraged workers, what I would certainly not, that is not the only reason. They may called here to concern but what we find there is that actually their wage or many particularly discourage workers. But those unemployed, that their wage expectation are too high over the younger workers. You may, I wonder if you have the situation assessment report, that I produce about two weeks ago. And it has quite...

Shuhadh Mohamed From Ministry of Economic Development Speaking:

Milan, sorry. Because the situation report hasn't being finalize, we haven't shared with the committee.

Consultant, Professor Mr. Milan Vodopivec speaking:

Oh Okay. So, as you will see I have done quite detailed analysis and we can quite precise the nailed down the groups in actually have too high expectations about wages. They have their expectations actually are higher than wages actually earned by people who will similar circumstances. But indeed, the experience yes, where again can be a great guidance and you know particularly young people, they do need, one thing is if they are capable, they may be very talented. But then, there are other barriers that prevent them from really even trying to look for a job. And experience theirs is indeed can show, so, this is just and you will, I hope we will get the hold on the situation assessment report. I do this kinds, there maybe 8 pages about precisely the type of services to offer. Yes, so it would be, so just briefly summarizing. so, what the job centers would have to do, would be the determining the treatment of unemployed person, determining who needs help, who does need. So, that's called profiling. And then for each worker, who would register, including those that wouldn't qualified for financial words. So, they would be preparation of the employment plan. So, they would quiet specifically saying every month in the following year, let's say what job seekers



that be somewhere given to me, or government would use it for some other purpose? What will happen if the employee is not at all been eligible for the unemployment insurance benefit, even when he or she reach to the old age allowance.

Consultant, Professor Mr. Milan Vodopivec speaking:

Okay, very good, very good question. Yes so, well this you know it's as an insurance right. It says, any other if you're lucky enough you don't need the health services for example, you may still contribute it right, but you are healthy and of course you don't need this. And this is similar in case of unemployment insurance. So, again, this is insurance and since it is social insurance, part of social insurance, so the risks actually don't quite manage, you know the premium are not set based on the risks faced by individuals. We know that people who are higher education have lower risk of unemployment in most countries as the case. And yet they paid the same kind of contribution rights and so on. So, this is just the nature and that's why it's called social insurance. Now, having said that, I think it'll be very important if Maldives uses type of morals that improve this kind of arrangement. The arrangement that you mentioned, and this is standard arrangement. It can be called O.A.C.D, it called the I.L.O endorsed morals. This is what's going on in such morals. But I do also in this inception report, I have also in page, where is it? I don't know if u have this report in front of you. (after some time) I am sorry, situation inception report. So, this is on page 13 these boxes. it's called the hybrid variant of the UI program. This is indeed the case where this, you would have in addition to solidarity of public fund if you will, public UI fund. You also have your own account. And if this is the case, and if you don't use your, if you are happen that you are not unemployed during the time of contribute, you would then indeed use these resources for your pension. And what the perhaps, so this would in a way maybe it makes a natural way to do, you know also to reduce the redistribution. But there is another purpose off such an arrangement in unemployment insurance program. In that case it reduces the negative employment incentives, that unemployment benefit programs may have. After all you know you get your benefit only if you are unemployed. And so, in a way this is an incentive not to take employment. Now, if you use this if your benefits are partially self-finance, there is, you use the benefits from your own account. Well then you, this kind of, this incentives are diluted. Are reduced. And this is the reason that indeed I think the Maldives should think about introducing this kind of a hybrid system.



Chairman Speaking:

Thank you, professor. And one more thing I have is actually fisheries sector, in Maldives I think Over 30000 people are employed or doing fishing. So, it's quite a big population consider it in Maldives 30000 people. So, actually fisheries, the fishermen are not an official employees. They are not an official employment. So, what are the measures or what are the strategies you have used to make sure that fishermen's are also included in this scheme, they also get properly unemployment insurance benefit when they lose the fisheries job, maybe most of time they will be a crew of fishing boat. But that is not an official. They don't have a contract or even they are not registered for the pension schemes. So, it would be quite a difficult to actually consider that as an official job. But, 30000, over 30000 people, so it's quite a big population we need to also make sure that they get unemployment insurance benefit when they lose their job. Also, the MP Jeehan has a related question. So, I would give her opportunity.

Member of Hinnavaru Constituency Jeehan Mahmoodh speaking:

Thank you chair. I just had a related question to that of chair. I want to talk about the informal sector, the whole of the informal sector actually. In Informal sector what we have found is, even with the covid fall out one of the reasons why a lot of people would not eligible for income support allowance that the government was providing was the fact that, they didn't have any form of official or accountable records of their work, their experience, their employment and also their employability of their skills inventory. And so, I am wondering how, there is a quite bit of actually more women working in the informal sector and this, with this would also mean that, if there is unemployment, if there isn't any unemployment insurance extended to the informal sector, then we might have a lot of women who lose out whenever there is economic fall out such as the covid situation. So, I am wondering how we to capture this group of people, the people in the informal sector and people who do not have official records of their work experience, skills inventory or any sort of documentations supporting their employability. And so, I guess it relates to chair's question on the fishing industry and fisherman as well, similarly the construction industry etc. So yeah, that question and the second one, I understand that many countries do not extend unemployment benefits to migrant workers. But this again is not a population that we can ignore when we talk about any issue of employment in this country. And so, I know it will be highly controversial topic. But at the same time, I think we need to, as a country, as government, as state and we need to have a very clear policy justification for whatever



decisions we take on the issues of migrant workers with proper documentation who are thrown out of their jobs. So, who are rendered unemployment by, you know no voluntary issue of their own.

Chairman speaking:

I want to add a little on that unofficial employment part. Even unofficial employees, even the fisherman's their income is not fixed. It's not identified their income. So, it would be quite hard to collect the contribution percentage also. So, I wonder how the government could deal with the situation. Thank you.

Consultant, Professor Mr. Milan Vodopivec speaking:

Yes. Again excellent. This is really, extremely pressing questions and an important questions when introducing such a system. And the answers are not simple as you imagine. But you know most countries, I would say do not include informal sector workers. And of course, it's very simple the rationalize, their income is not registered. There is no employer really to pay for them their part. And so, they are excluded in such schemes. And the question is, how can we do better. I have for example, with the business Centre corporation where I just cast quite a plan, you know what are the intensives for the self-employee to register, that they may fear taxation will increase, the taxation. So, when many they do register because they may either gain excess to finances is and then get government contract. Many of them are not interested in that. So, the incentives to enroll in self-employment are low. And for fishermen of course again it wouldn't make sense, right, to do so. So really, it is very tricky. Now on the other hand, the way this program works, it is typically provided to people who lose jobs and so, if you don't have a formal employer how will you establish the sub circumstances. So, it is quite tricky to do so, and it is still possible, for example in Slovenia, my country as well as in some other countries, especially in the minority of countries, self-employed are there included. So, you might have, so if you, one thing, persuade the informal workers to register as self-employed and then you might include them in the scheme. But of course, that would again require some kind of a mechanism of determining whether they indeed qualify for this, whether indeed the demand for their services went down. Which is not an easy thing, but it can be done, can be done. So, as far as, there are schemes as you may be familiar for, with pension schemes for informal workers. So, where you would inclines, would incentivize fishermen, let's say, if they contribute certain amount to the government will match such an amount. And so,



that may, you know some countries have done that. Unfortunately, the experience is not very promising. What it shows is that, better off among these people would take the advantage of that. And people who are really, the main target would actually not take advantage of such things and not benefit from those. So, but this is precisely you know, in this situation assessment report, I do provide quite a lot of attention, actually one section is devoted to the informal employment. And we know, you know as well, but from highest data, so about 1/3 of workers is informally employed and so the question is how, at least for some of these, how you would get them into a bit more formalized relationship and then include them in such a scheme. And MP Jeehan mentioned, so yes, women in particular are worse off in this aspect. So, this; there are such; so, in short, the problem you mentioned, it's very real and some countries are trying to address it. For example, by including self-employed in this scheme. But and some countries may also do the matching programs, so where they would match the contributions made by job seekers, sorry by employed works. They would provide, that the government will provide merge their contributions. But the experience is not very positive on this one. So, this program still; at the end of the day if something like COVID happens there would be just, there would be other programs that would try to help them. I am not sure I can; I am very sorry, but it's really, don't kill the messenger. I think this is, it's very important that we or you are aware of this program and perhaps down the road it should use certain features that will help also this preparation. And as far as migrant workers, again I would say that, indeed I completely agree with you. It is, they are also the group that should legitimately be thought of. Here, I may suggest, I refer you to experience with, I am actually not aware of their progress right now, but I work on Saudi Arabia as we speak, so to say, and they are thinking about producing the mobility savings accounts for expatriate workers. So, they would apart from been paid wages, part of their wages would go to these accounts. And if they lose jobs, they would get access to this fund. And if they leave the country of course they will them take that out if they didn't using before. So, this notion of mobility saving accounts. You may also think about including them in the scheme, but this is you know as anybody else, but this may be a tricky position, because they may be leave the country and so the may be indeed contribution much more, than taking the benefits which in a way would be unfair.

Member of Hinnavaru Constituency Jeehan Mahmood Speaking:

And I just want know, looking at our financials, can we afford UI program?



Consultant, Professor Mr. Milan Vodopivec speaking:

I think we cannot exhaust, then we just, if I may just look at the question, if there any RS, I think really quiet in depth cover this program. So, we got a contributions, we discuss gives incentives, or one or the group is really, may be, last question there may be I wonder, how you see this program to you, what existing institutions, or the programs could be used to implement it?

Member of Hinnavaru Constituency Jeehan Mahmood Speaking:

I think which of proposed, I am suggested in the paper is quite justified, the Pension Administration Office is already sitting in a position where they could quite effectively, without the government investing in another setup or in agency. And without much duplication of similar kind of work is an avenue for, is an avenue to entrust most of the responsibilities of the UI scheme and just in the right place, I guess. Because we already have pension, similar pension program. And so, they have the expertise and the human resources and other services. And also, the national information data base to carry out such a program. But I guess, what we need to really work on head on right now, if we are heading in this direction. And we really need heading this direction. Because it's one of the presidential pledges as well. So, I think is to quickly establish job centers, decentralize job centers across the country. Unless we have that, unless those persons are trained and if they earned accessible training centers, employability training centers or mechanism to monitor job centers carrying their jobs. We might just have a lot of trouble with collecting credible data in information. And providing the services and wishing in the UI services program.

Consultant, Professor Mr. Milan Vodopivec speaking:

Great, thank you, yes. Yeah, I think as far as I am concerned, I think we covered the issues. Any other question on your part?

Chairman Speaking:

Thank you a lot, Professor Milan. Actually, right now we are very clear about your this concept paper. And we don't have any more question or anymore clarifications. But, I will thank you once again actually for giving us this opportunity to contribute on your work. And also, we got, as Jeehan said, this is one of the Presidential pledge, and even the Parliament majority party (MDP)'s pledge even on our Parliament election. So, we are actually looking forward to get benefit of this scheme as soon as possible to the



