

Learning from Korea's labor and migration systems

*Knowledge Exchange
with the Government of
Nigeria*

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HUMAN RESOURCES
DEVELOPMENT
SERVICE OF KOREA



KWPF
KOREA-WORLD BANK
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Social Protection & Jobs

Foreword: Hoon Sahib Soh

The World Bank Office in Korea, in partnership with the Human Resource Development Service of Korea (HRD) under the Ministry of Employment and Labor (MOEL), and the Korea World Bank Partnership Facility (KWPF) would like to extend warm wishes to the visiting delegation from the Government of Nigeria. I trust that the delegation had a productive four-day learning visit.



Korea has achieved remarkable success in combining economic growth with rapid poverty reduction. The policies put forward by the Government of Korea resulted in average real GDP growth of 10 percent per year between 1962 and 1994, transforming the country from a largely agrarian and rural society to a modern economy ready to enter the cusp of the fourth industrial revolution.

Korea's labor market policies and institutions have played a central role in the success of the Korean economy. Reviewing these policies and intermingling with these institutions provides valuable lessons on designing and implementing skills development and labor market programs to policymakers in other developing countries, including Nigeria. Nigerian stakeholders were able to share their experiences with different labor market institutions such as the Ministry of Employment and Labor (MOEL), HRD, Korea Employment Information System (KEIS), and Korea Polytechnics (KOPO) and observe how partnerships between them holistically helps address labor market challenges, particularly related to the youth in the country.

Fruitful lessons can also be learned from Korea's policies regarding managed labor migration. The Employment Permit System (EPS) is an exemplary case of a government action facilitating temporary labor migration for co-development. EPS has been successful in balancing the need of the Korean labor market to fill shortages in key sectors by providing foreign workers with gainful employment opportunities while respecting their rights and offering them various forms of social protection. Korea's experience in implementing EPS with sending countries can provide lessons for sending and receiving countries alike, especially to open new and structured bilateral corridors to facilitate temporary worker mobility.

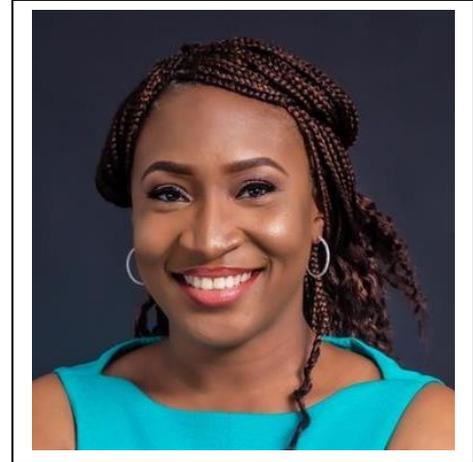
On behalf of the World Bank Group, I would again like to extend my best wishes to the Nigerian delegation. I hope that this learning visit contributed towards reinforcing a historically strong partnership between the two countries and useful outcomes related to skills development, labor market, and migration management in Nigeria come out of the process.

A handwritten signature in black ink, appearing to read 'Hoon Sahib Soh'. The signature is fluid and cursive, with the first name 'Hoon' being the most prominent.

**Hoon Sahib Soh, Special Representative,
World Bank Group Korea Office**

Foreword: Mariam Masha

On behalf of the delegation from the Government of Nigeria, I would like to thank the Government of the Republic of Korea and the World Bank Group for organizing this four-day learning visit and inviting the Nigerian delegation to participate in discussions to learn from Korea's labor markets, skills development, and labor migration programs and policies.



Nigeria is the largest country in Africa, accounting for 20 percent of the population of sub-Saharan Africa. It is projected to be the third most populous country in the world by 2040. Therefore, her prosperity has implications for Africa and the world. Despite being a middle-income country, recent trends in poverty and vulnerability has raised serious concerns about the state of the Nigerian economy. Nigeria has one of the largest cohorts of youth population in the world. On average, more than 4 million Nigerians are expected to enter the labor force in Nigeria, every year, between now and 2050, whereas the job creation rates have simply not kept up in absorbing new entrants into the labor market.

The Government of Nigeria was keen to learn from the experiences of the Republic of Korea in successfully managing the youth bulge in the economy and in devising policies and programs to respond to evolving challenges in its labor market. The Government of Nigeria was also interested to learn about Korea's experience in designing and implementing a temporary migration scheme that provides employment opportunities to jobseekers from many other Asian countries. Nigeria is keen to develop and implement labor agreements with destination countries to explore the potential of international labor markets for providing jobs opportunities to the growing number of youths in the country.

We explored some of the state-of-the-art facilities that Korea has developed in order to provide skills training, job matching services, and mentoring and counseling support to Korean jobseekers. The Government of Nigeria is currently laying out an ambitious plan to bring 100 million people out of poverty in the next 10 years. Access to a good job has proven to be the most reliable tool to fight poverty, and we appreciated how Korea prepares its workers for an economy driven by technology and innovation.

We would like to thank the Korean counterparts for a fruitful and substantive engagement over the four days and we hope to take some of this learning back to Nigeria to benefit the Nigerian people.

A handwritten signature in black ink, appearing to read 'Mariam Masha'.

**Mariam Masha, Senior Special Assistant to the President on Humanitarian Interventions,
Federal Republic of Nigeria**

Introduction

This brief summarizes key findings of the knowledge exchange visit on Korea’s labor market and migration systems that Nigerian officials undertook in Korea from November 18-21, 2019. The tour is part of the World Bank’s Advisory Services and Analytics (ASA), “Employment, Skills Partnerships, and Labor Migration in Nigeria”. The visiting delegation from the Nigerian government included Mariam Masha (Senior Special Assistant to the President on Humanitarian Affairs), Olamide Fagbuji (Special Assistant to the President on Economic Matters), Sunday Onazi (Chief Labor Officer, Federal Ministry of Labor and Employment), and Roseline Olaomi (Deputy Director, National Directorate of Employment, and Focal Person for Skills for Job Component of the Youth Employment and Social Support Operation – YESSO, a World Bank assisted project).



A World Bank mission team composed of Samik Adhikari (Economist and TTL), Soonhwa Yi (Senior Economist) and Thelma Seo Eun Choi (Consultant) facilitated the visit with support from Dora A. Harris (Senior Program Assistant), Ugonne Margaret Wunyi (Program Assistant), Olubukunola Omoyeni Ipinoyomi (Program Assistant), and Mariam Denise Brain (Program Assistant).

The knowledge exchange was hosted on behalf of the Korean government by the Human Resources Development Service of Korea (HRD) and sponsored by the Korea World Bank Partnership Facility (KWPF).

The primary objectives of the learning visit¹ were to:

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- Improve the Federal Government of Nigeria's (FGN) capacity to formulate labor market policies to create well-functioning workforce and skills development programs and subsequently create jobs (especially for the youth). More specifically the knowledge exchange event aimed to learn how the Korean government has successfully responded to evolving challenges in the labor market throughout the rapid economic growth process, and how the country has transformed from a labor-sending country to a labor-receiving country.
 - Exchange knowledge on the design and implementation of the Employment Permit System (EPS) program. This included learning how Korea has successfully managed inflows of foreign low-skilled workers, often under a challenging political environment, and how it engages with countries of origin to fill labor shortages in its economy.

Korea's experience in managing its youth bulge in the past and ongoing youth unemployment is particularly relevant for the FGN to address challenges associated with growing youth unemployment. Nigeria's recent strong economic growth has not created gainful employment opportunities for its growing youth population. As Korea saw in the past, Nigeria has a youth bulge: more than 70 percent of the population are below 35 years of age and 2018 alone saw 5.3 million new workforce entrants. Not only does this contribute to increasing unemployment rates - from 7.5 percent in 2015 to 23.1 percent in 2018 - but also it raises international migratory pressure.

Furthermore, learning lessons from Korea's Employment Permit System (EPS) would empower the FGN to develop a pilot Global Skill Partnership framework for Nigeria. The EPS is considered a global good practice to facilitate low-skilled labor mobility between Korea and its partner countries – by managing labor flows in a transparent system, reducing financial costs to migrate, providing equal treatment between foreign workers and natives, and providing foreign workers with re-skilling opportunities for their successful return and reintegration.

¹This visit benefitted from support by the Korea-World Bank Partnership Facility (KWPF), established in May 2013, an initiative to strengthen ties between Korea and the World Bank. The facility's overall objective is to assist developing member countries of the World Bank in achieving inclusive and sustainable economic growth and to foster broader dialogue on economic development.



Methodology

The knowledge exchange was carried out as part of a larger program aimed at improving the skills development and labor migration systems in Nigeria. To start the process, a diverse range of stakeholders in the Nigerian government, including from the Office of the Vice President, Federal Ministry of Labor and Employment, National Directorate of Employment, National Board for Technical Education, and the Nigerian Labor Congress were consulted and invited to attend the three-day learning visit in Korea. Concurrently, a diverse range of stakeholders involved in formulating policies and designing programs related to labor markets, vocational training, and labor migration were consulted in Korea through HRD Korea and their participation was confirmed.

Once participants confirmed, a full agenda with key questions for discussion was prepared in consultation with the Nigerian stakeholders expected to participate in the learning visit. Their feedback and suggestions were incorporated to formalize the session details. Following this, a detailed agenda, list of confirmed Korean stakeholders, and discussion questions were sent to the Korean authorities two weeks before the learning exchange to give them enough time to reflect, provide feedback, and prepare necessary presentations for the knowledge exchange events. Enough time was also provided to prepare for logistics of the site-visits accompanying the learning events.

Each session discussion during the three-day learning visit was guided by the discussion questions prepared in consultation with the Nigerian and Korean authorities. This process ensured meaningful participation and reflection from participants, as well as circulation of relevant reports, write-ups and presentations from Korean Ministries and agencies.



Main Lessons Learned

Themes

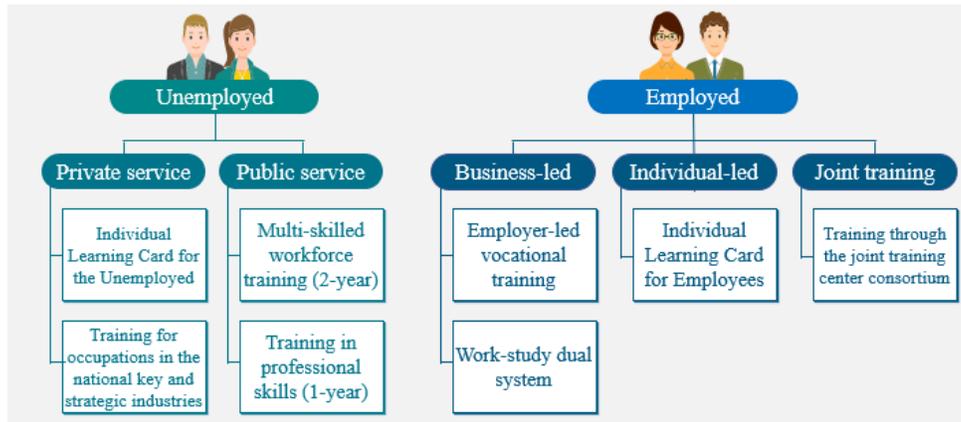
Based on interest from the Nigerian delegation, the learning visit conducted a deep dive into five major policy areas related to labor markets with the Korean counterparts. The five areas were (i) Skills Development, (ii) Youth Employment, (iii) Labor Migration, (iv) Small and Medium Enterprises (SMEs) and (v) Labor Market Information Systems (LMIS).

Skills Development

The Korean government aims to expand vocational training in response to the acceleration of the Fourth Industrial Revolution. This would nurture talent and support innovation-driven growth. It recognizes that technological advances would create some 920,000 jobs while destroying some 800,000 jobs. Vocational training is an element of a life-long learning strategy – full-time vocational degree courses, continual learning during unemployment and employment, as well as upskilling/reskilling to support reentry into the job market after retirement. The key financing source of this life-long vocational training is the Employment Insurance Fund.

In this vein, it deploys a two-pronged vocational training system – one for the unemployed and the other for the employed (see the schematic below). For the unemployed, the first step is to obtain an individual learning card which aims to give them an opportunity to undertake vocational training courses with a view

to increasing employability as well as entrepreneurial opportunities. Those with a learning card would receive grants of up to \$2,000 to finance part of the cost to undertake a training course within a year from the card issuance. Beyond vocational/ on-the-job/ work-study dual training provided by firms, the employed (subject to eligibility) have an option to undertake a training course to increase life-long employability through an individual learning card system which finances the cost of training courses up to 100 percent.



Source: MOEL.

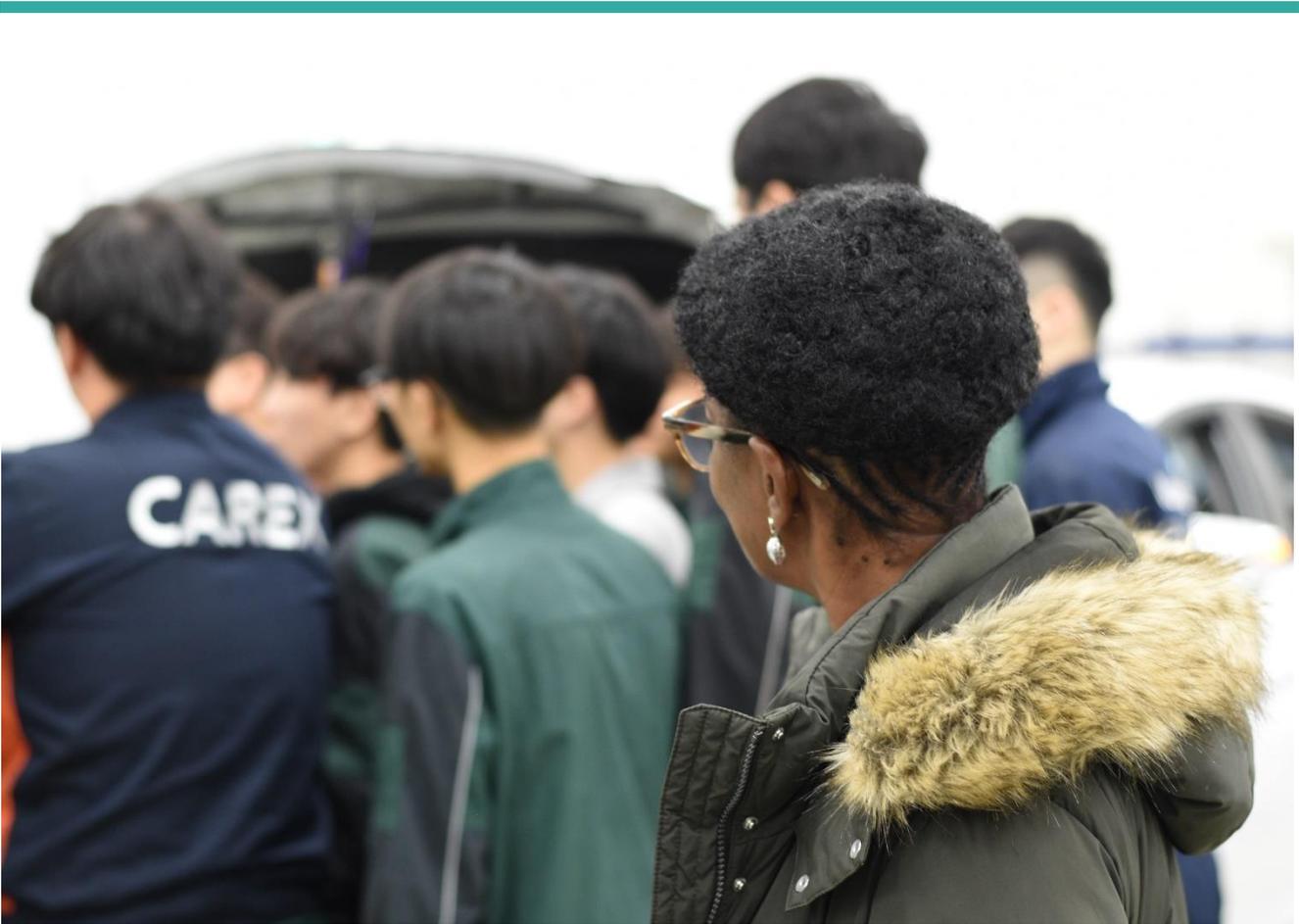
As part of the formal education system, Korea Polytechnics offer vocational degree courses. In order to ensure that the courses are demand-driven, it develops curriculums jointly with the industry. Each polytechnic course would appoint a professor who would regularly visit companies to learn new developments in the industry and to identify job demand for graduates. Polytechnics dispatch professors to provide training to staff in small and medium enterprises which cannot afford to release workers for off-site training. Polytechnics provide special courses to re-skill middle-aged workforce and females who plan to reenter the labor market. These are backed by the government’s budget support – rising in tandem with the number of trainees (an increase by five times over the past two decades).



Korea Polytechnics experience suggests some key ingredients to the path of successful vocational schools:

- To ensure that the training courses are responsive to industry demand through close collaboration between schools and firms such as conducting a joint project of new technology development or professors conducting consultative visits to firms especially SMEs which are under resource constraints. Such industry-demand skills promote public awareness of vocational specialized schools
- To establish the reputation of vocational schools to encourage student enrollments through industry rewards to these training courses and short study-to-work transition.
- To invest in the quality of teachers/ professors first before investing in school infrastructure.
- To have one integrated channel to oversee vocational training programs and schools.
- To incentivize teachers through performance-based rewards (e.g., employment outcomes of graduates)
- To subsidize school tuitions and to grant a formal degree that helps increase enrollment rate in developing countries

The government continues to strive to increase the responsiveness of vocational training to needs and efficiency. Its policy direction is to expand the high-tech course of Korea Polytechnics, such as creating a department of data convergence software and biomedical systems in the convergence technology campus of Korea Polytechnic. Another reform area is to expand the 'learning factory' as an integrated education and field training environment. Furthermore, the government aims to shift to a dual training (an on-line platform for theory learning and field practices) from in-class learning - the Smart Training Education Platform (STEP). As to the individual learning cards, the government is to introduce the National Training Card in 2020 which integrates the unemployed/employed learning cards into one.



Key Lessons learned:

- There is room to use low-cost technology to develop and improve the skills development systems in countries like Nigeria. On-line learning platforms could incorporate calendars and training history to improve learning outcomes.
- Soft skills such as relationship-building, communication, and organizational skills are increasingly important among employers in the gig economy.
- TVET programs should reflect the industry needs in a timely manner through close collaboration between academia and industry. As a start, Nigeria can create a forum which brings together the education sector, employers and civil society.

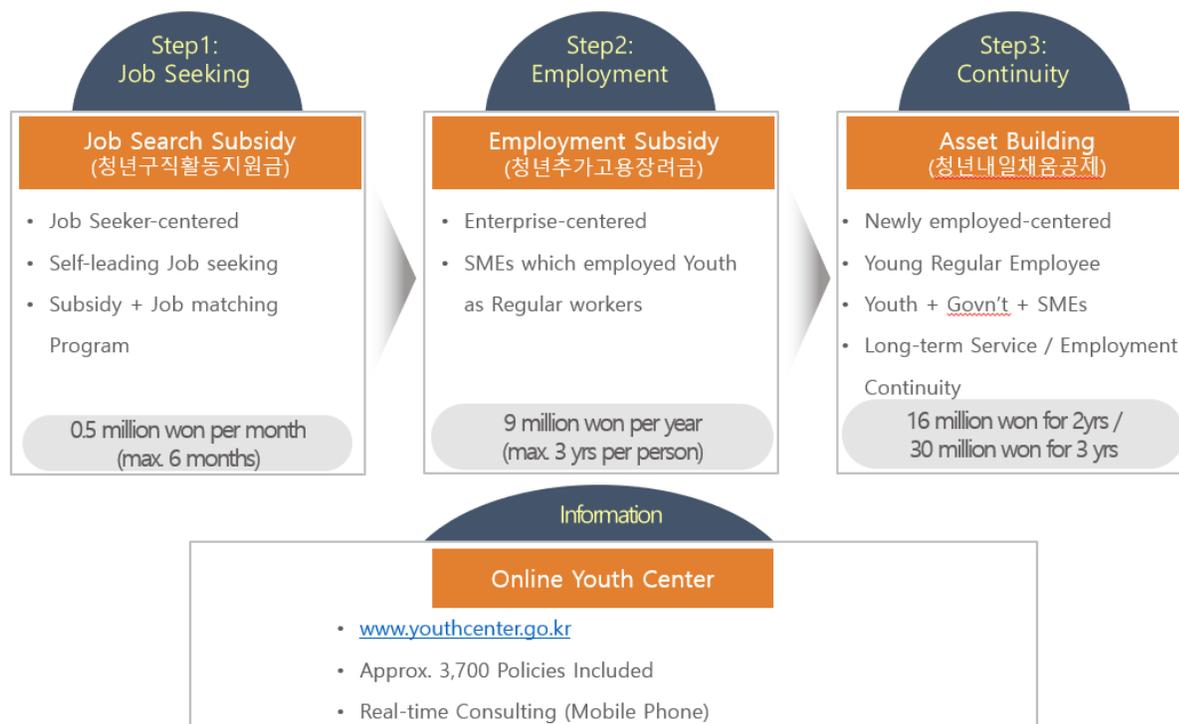
Youth Employment

Korea has seen rising youth unemployment rates in recent years. According to OECD, the youth unemployment rate in Korea was 10.5 percent in 2018, slightly lower than the OECD average of 11.1 percent but substantially higher than the youth unemployment rate in Japan (3.7 percent). While Korea's youth unemployment is substantially lower than OECD countries such as Greece and Italy, the Korean government is treating the rise in youth unemployment numbers as a "catastrophic" issue.

The Ministry of Employment and Labor (MOEL) has policy priorities in improving youth employment, as indicated by institutional reforms within the ministry in 2019. Namely, establishment of a new ‘Employment Support Policy Department’ which aims to provide analytical underpinning to employment policies by systematically analyzing labor market data; and it transformed the existing ‘Youth and Women Employment Policy Department’ to ‘Youth Employment Policy Department’ to expand its role in youth employment policy strategies and implementations.

The MOEL adopts short- and long-term policies on youth employment. A short term-strategy consists of active labor market policies to enhance employability of the youth that (see the schematic below): (a) provide employment subsidies to SMEs to create jobs for the unemployed youth and to allow the unemployed youth to gain work experience, (b) subsidies to a savings product that is purchased by young employees to support their asset building and to reduce turnovers – i.e., to incentivize young workers to stay with an employer for at least two years, (c) public employment services which provide tailored job counselling services including support to write resumes, and training schemes to help young jobseekers improve their vocational skills in line with the tailored job counselling.

3 Major Youth Policies



Source: MOEL

The short-term strategy to address youth unemployment in Korea consists of:

- Job Search Subsidy program, funded by the government, that pays up to US\$ 430 per month to young jobseekers, provides job search counseling, and supports them with job-matching services for up to 6 months during the job search.
- A grant of up to US\$ 7,700 per employee per year for a maximum of three years, funded through the Employment Insurance Fund, for select enterprises as a reward for hiring youth workers.
- Grants up to US\$ 13,710 for the youth that continues to work in the same firm for 2 years, and US\$ 25,700 for 3 years of the continuous service, funded through a combination of taxes, business contribution, and government subsidies,

In addition to the three short-term youth policies, young jobseekers are supported through the online youth center which has a dedicated hotline for real-time consulting as well as information on approximately 3,700 policies and programs on youth.

MOEL's long-term strategy on the other hand aims to address structural issues in the labor market: (a) mitigating the dual structure of the Korean labor market, (b) creating better jobs for youth by addressing demand-side constraints, and (c) reforming the technical and vocational education and training system to prepare youth for the changing dynamics of the labor market.

The government continues to revamp its policies on youth employment, reflecting lessons learned from implementations and analytical findings. Some notable challenges are: addressing of prevailing jobs and skills mismatches in the labor market (especially with regards to low wages for SME workers), preparing the Korean youth for the changing nature of work due to automation, improving efficiency of government employment and vocational policy, and working with the local governments to prevent overlap and fragmentation of policies and programs designed to address youth unemployment.

Key Lessons learned:

- **Recent successes of youth employment programs in Korea provides a strong case for incentivizing SMEs to hire unemployed youth through a combination of subsidies and grants**
- **Youth employment programs need to be evaluated through multiple phases in order to assess the outcome for youths and hiring firms at every stage**
- **Collaboration between polytechnics and firms has repeatedly proven to be a successful strategy in Korea, not only to improve labor market outcomes of youth but also to reduce the stigma associated with enrolling in TVET programs**

Labor Migration

With fast-paced economic and human capital development, Korea started to see looming labor shortages in low-skilled jobs. This was particularly stark in so-called three D jobs – dirty, dangerous, and difficult, of SMEs. In response to this, the government introduced the Industrial Trainee System (ITS) in 1993 to meet such labor demand with foreign workers, similar to Japan's foreigner trainee system.

The implementation of ITS suffered from many problems: for instance, albeit meant for trainees, employers treated them as regular employees, which limited opportunities for these trainees to acquire skills. Other problems included high overstayers, and poor labor conditions and welfare of those foreign trainees. Learning lessons, the government reformed foreign worker policies in 2004 and introduced a more rigorous foreign worker system - Korea's Employment Permit System (EPS) under a broader Foreign Policy Plan.

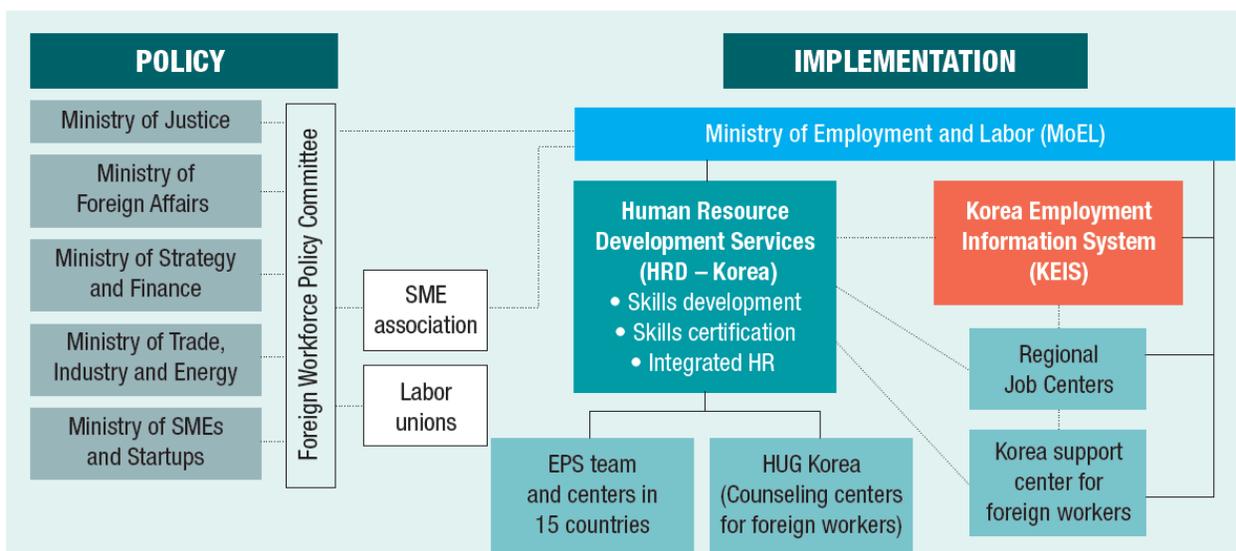
The ITS was phased out in 2007 and EPS was phased in over a three-year period to get buy-in from stakeholders and to gain political support for the program. ITS suffered from the involvement of private intermediaries in the scheme that substantially raised migration costs for foreign workers and led to an increase in the number of workers overstaying their visas.

EPS was initially established to fill labor shortages in three industries from six different countries. In 2004, the duration of the contract for foreign workers under EPS was three years and foreign workers could change employment three times during their contract. Since its establishment, the EPS has undergone several modifications. The EPS currently sources foreign workers from sixteen different countries in Asia to fill labor shortages in five industries (manufacturing, construction, service, fishing, and agriculture). The employment contract continues to be for three years but can be extended by a further twenty-two months provided the employer and the foreign worker agree to the extension. Foreign workers can change employment several times in certain circumstances, such as the business closures and employers' violation of legal regulation, if they can find employers to hire them.



The EPS policies and system details are guided through multi-stakeholder participations and underpinned by analytical findings. Several stakeholders play a role in the design and implementation of the EPS scheme. The quotas for foreign workers by sending country and industries are determined by the Foreign Workforce Committee which consists of members from several ministries and agencies as outlined in the

figure below. The primary implementing agency for the EPS scheme is the Human Resource Development Service (HRD) which is housed under the Ministry of Employment and Labor (MoEL). HRD coordinates with EPS teams in countries of origin, regional job centers, and foreign worker support and counseling centers in order to support foreign workers through pre-departure training and orientation, post-arrival vocational training, registration with employers, job counseling, welfare support services, and support towards returning to their countries of origin post-employment in Korea.



Source: Authors' compilation.

Note: The solid lines represent a hierarchical relationship; the dotted lines show a collaborative relationship. The entire scheme of the EPS is led by the MoEL. HRD Korea is the main implementing agency. The KEIS is responsible for the information system, including the database and matching algorithm for the regional job centers. The institutions in green represent those that have direct interactions with workers. EPS = Employment Permit System; SME = small and medium enterprise.

Source: World Bank (2018)

The global migration community recognizes the EPS as a good practice in managing low-skilled labor migration. It is important to highlight key features of the EPS that has allowed the scheme to be regarded as one of the few, structured, temporary labor migration programs that not only places foreign workers into jobs in Korea, but also caters to their needs in terms of acceptable wages at or above minimum rate, good equal working conditions to domestic workers, proper and ethical recruitment, and functioning grievance redress mechanism systems:

- *MOUs as labor agreements:* EPS uses the Memorandum of Understanding (MOU) as the form of labor agreement with countries of origin instead of the more rigid Bilateral Labor Agreement (BLA). This allows the two parties to periodically review and change articles of agreement based on consultations.
- *Government recruitment:* Hiring of foreign workers is exclusively conducted through a Government to Government (G2G) process which bypasses private recruitment agencies and lowers the cost of migration of foreign workers significantly from over US\$3,700 to US\$1,000. High migration costs are one of the primary reasons why workers may overstay their visas in countries of destination. The MOU mandates the sending government to publish migration costs paid by workers by item.

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- *Pre-departure steps:* A standardized migration process ensures transparency. Prospective foreign jobseekers must complete the Korean language test (TOPIK) and receive medical certification before being placed into employment in Korea. They also receive vocational training before departure for some sectors and employment-related training upon arrival.
 - *Changing of employers:* Once in Korea, workers can change employers up to three times, per mutual agreement with the employers. This is in stark contrast to many other temporary migration regimes around the world where workers are tied to employers that hire them and cannot change employers over the duration of their contract.
 - *Support services in Korea:* There are excellent support services and worker protection via labor regulations and social insurance available for foreign workers. This includes a support center for job-related issues as well as counseling centers with a dedicated hotline where workers can call in and express their concerns at no additional costs.

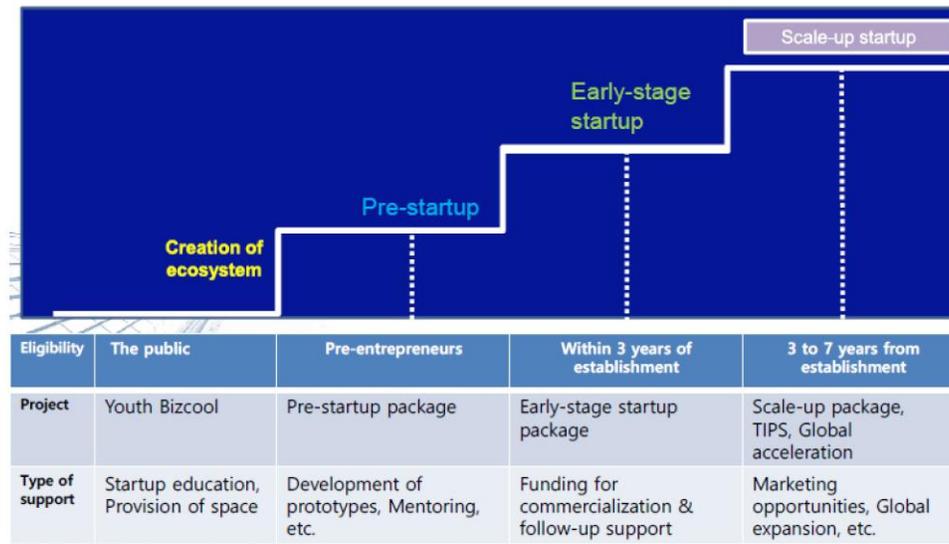
While EPS has an excellent track record of implementation, there are areas where the program is striving to do better. Skills mismatches between foreign workers and available jobs are still common given that employers have little information on foreign workers before they arrive in Korea. The length of the vocational training that workers receive after coming to Korea could be extended, particularly to include training on soft skills. While quotas for foreign workers are determined by the Foreign Workforce Committee, fluctuation in yearly quota number of workers can affect the negotiation process with sending countries. MOEL and HRD are continually working to improve policies and practices related to EPS in order to adjust to the demand in the Korean labor market.

Key Lessons learned:

- **Nigeria needs to develop a robust labor migration sending system capable of conducting the necessary pre-departure orientation and checks, and provide relevant skills training opportunities for potential migrants in order to maximize benefits from migration**
- **Skills partnership between countries of origin and destination where labor demand in destination countries allow for training of migrants and non-migrants in countries of origin can allow for promoting development through migration and combating skills drain at home.**
- **MOU between sending and receiving countries should be purposefully drafted to clearly state specific roles and responsibilities of identified stakeholders.**

Small and Medium Enterprises

Since the “Support for Small and Medium Enterprise Establishment Act” was established in 1986, a variety of startup promotion policies (about 21 Acts) have been implemented in Korea. Particularly, under the current Moon Jae-in administration, job creation and innovative growth led by startups and mid-sized venture firms have been prioritized and that has led to increased support for startups and small firms. In



Source: Ministry of SMEs and Startup.

- Creation of Ecosystem: Youth Biz-cool is a startup education program focusing on providing teenagers with the necessary education to cultivate entrepreneurship and to promote a positive mindset about startup business from elementary to high school. This also includes Biz-Cool Camp composed of start-up training programs depending on the level of the student to foster entrepreneurship and start-up training. In 2018, 561 institutions and 283,000 students participated in the program.
- Pre-startups: The pre-startups package provides funds in the form of a voucher for initial commercialization, including startup education, production of prototypes, marketing, and mentoring.
- Early-stage startups: MSS provides service vouchers to help with tax and accounting related expenses in the early stage of the startup establishment to alleviate management burdens and create conditions to focus on entrepreneurial activities. Additionally, “Start-up Leaders Universities” offer young entrepreneurs with excellent infrastructure and entrepreneurship supports. In 2018, 1,326 pre-entrepreneurs received the benefits.
- Scale-up startups: For firms that have operated for 3-4 years, MSS provides a variety of tech start-up platforms to improve their chance of success through speedy growth. “Tech Incubator Program for Start-up (TIPS)” is one such example. TIPS is an innovative public-private partnership model where private investors and public agencies combine to support R&D and provide industrialization matching fund to selected start-ups. This program also helps prominent start-ups solve difficulties in securing funds from the private sector. Additionally, the government helps nurture scaling-up startups globally by providing business model innovation, management strategy mentoring, and support for market development and global market entry. The Korean startups wishing to expand their markets globally receive on-site 4-6 weeks acceleration programs

run by foreign accelerators. The MSS also encourages foreign startups to do business and participate in venture capital in Korea by accommodating commercialization, startup visa, and IP consulting.

The comprehensive policy support provided to startups have seen positive results. The five-year survival rate of participating startups in government programs was 53.1% in 2017, which was higher than that of non-participating startups (28.5%, released by the National Statistics in 2016). In terms of performance, the average sales per participating startup increased by 44.6% compared to the previous year, which was also larger than that of regular SMEs (11.0%) and large companies (7.9%). Participating startups created 38,783 jobs (an average of 5.6 employees per company, excluding CEOs) as of 2017, which continued to increase annually. The total number of employees rose by 44.9%, and the average number of employees per company increased by 17.9% from the previous year, showing a larger growth than regular SMEs (1.5%) and large corporations (2.4%). Startups that participated in the MSS projects continue to contribute to job creation.

Despite a variety of programs thoroughly designed to facilitate different stages of SMEs' growth, fair competition between SMEs and large companies, unreasonable regulations that interfere with startups, and bureaucratic application procedures for government programs remain to be improved.

Key Lessons learned:

- **The success of programs implemented by MSS shows that it is important to foster entrepreneurship from early stages and incorporate entrepreneurship programs in formal schooling curriculum.**
- **-Successful programs to accelerate SME growth combine strategies to help expand business capacity through commercialization and marketing while also providing support for business infrastructure through grant and subsidies**

Labor Market Information Systems

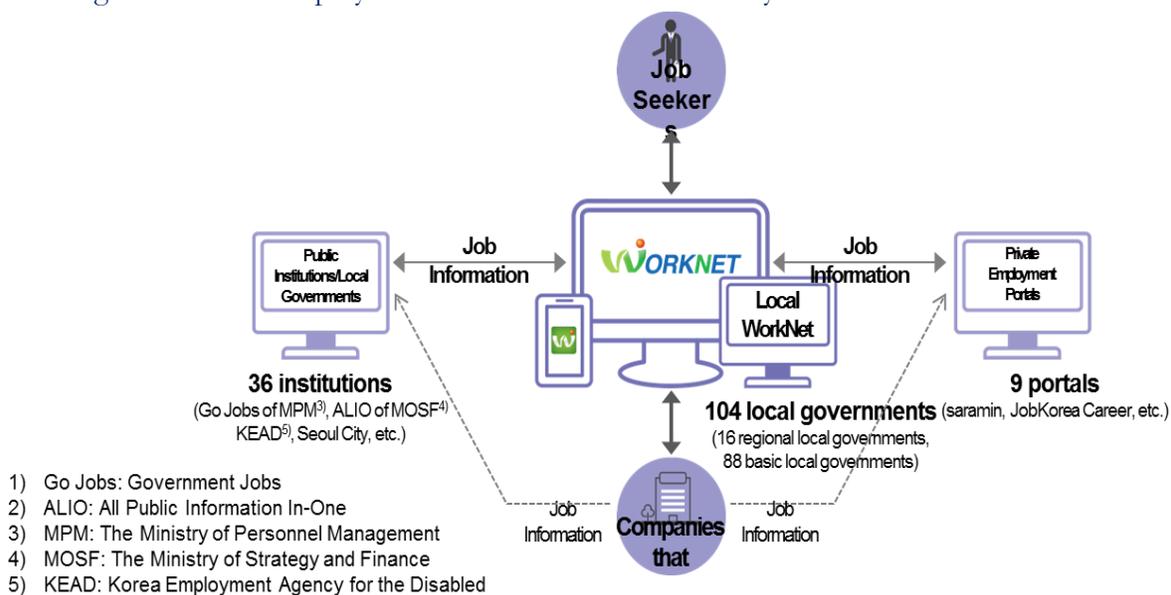
Korea Employment Information Service (KEIS) collects labor market information and provides analytical evidence to policy making. It is an employment information management public agency affiliated to the MOEL. KEIS's major activities include public employment portal - Work-Net Operation; employment projections in the medium and long-term; employment policy evaluation and monitoring; and national employment information networks operation. The learning visit covered the first two topics based on interest from the counterparts.

(i) Work-Net Public Employment Portal

Work-Net is widely considered a well-functioning employment web and mobile-based service. Since its launch in 1998 as a public job search portal, Work-Net has increased the quality and scope of its services. Work-Net currently provides job matching, information on vocational training services, current and future

jobs and skills in demand, education and training needed for different careers and jobs, and government support for the acquisition of skills through different measures, including through active labor market policies (ALMPs). Major features of Work-Net include:

- Providing consolidated job postings in strong partnership with private entities and local governments, and various up-to-date employment-related information. Jobs and employment data are critical to providing high-quality job-matching services.
- Verifying information on job postings according to labor law and regulations (i.e. minimum wage, working hours, discrimination, etc.): this validation process has contributed to Work-Net gaining public trust.
- Providing customized information on career development and employment and welfare benefits (i.e. unemployment benefits, employment encouraging benefits, retirement funds, etc.)
- Linking with other public employment systems, such as vocational training network and employment insurance information network.: interoperability with other public employment systems enable Work-Net to provide relevant, efficient and reliable services by responding to diverse needs of its clients. It also facilitates the verification of job-posting and job-seekers' information.
- Forming strong institutional arrangements and partnerships with central and local governments, and the private sector.
- Linkages with other employment information and services systems as shown below.

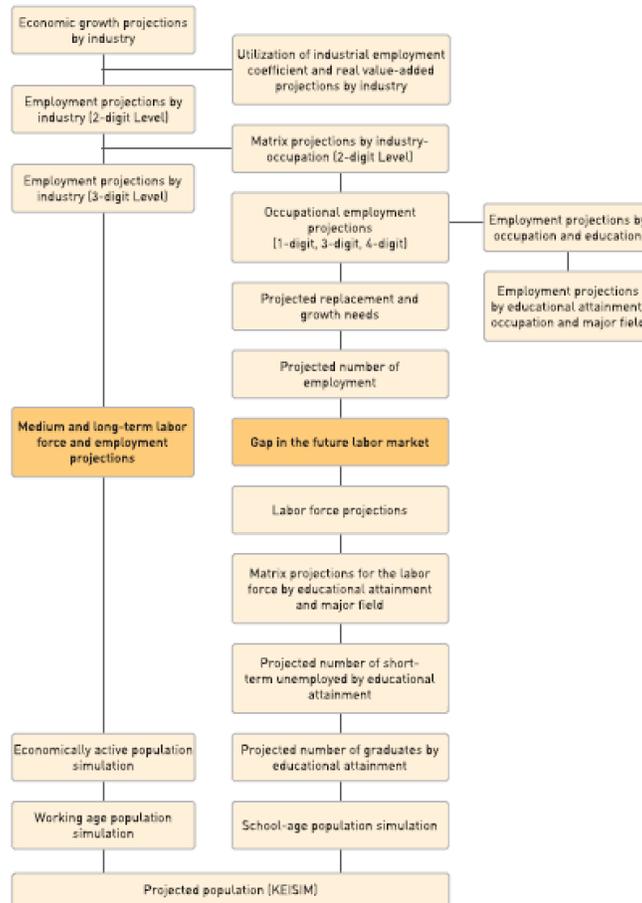


Source: KEIS

(ii) Medium and long-term labor force and employment projections

Based on the Framework Act of the Employment Policy (1993), the KEIS biannually conducts labor force and employment projections and the gap projections in the future labor market by reflecting changes in society, population and employment structure, and the changing nature of work. The main purpose of the projections is to contribute to the establishment of national employment policies and to reduce the labor supply-and-demand mismatch. These projections contribute to providing necessary information regarding career guidance for students and job seekers.

For labor force projections, KEIS employs the KEISIM microsimulation model that utilizes the Population and Housing Census, economically active population data, and other data sources. Employment projections are conducted by reviewing the number of employed persons by industry and occupation. These projections are complemented by macroeconomic simulations and KEISIM microsimulation models, which uses data on the economic growth forecasts by industry. This industry-related information is shared by the Korea Institute for Industrial Economics & Trade (KIET).



Source: KEIS

Projected gaps in the future labor markets are calculated by using the number of graduates, short-term unemployed and growth demands for higher education graduates.

In addition to the medium and long-term labor and employment forecasts, the KEIS provides the latest labor market research and data. KEIS uses information from Work-Net to analyze labor market trends, provide labor market statistics at the national and regional levels, forecast labor supply, and identify changes in the world of work. Based on this, researchers provide labor market intelligence and content that are made accessible to the public through Work-Net.

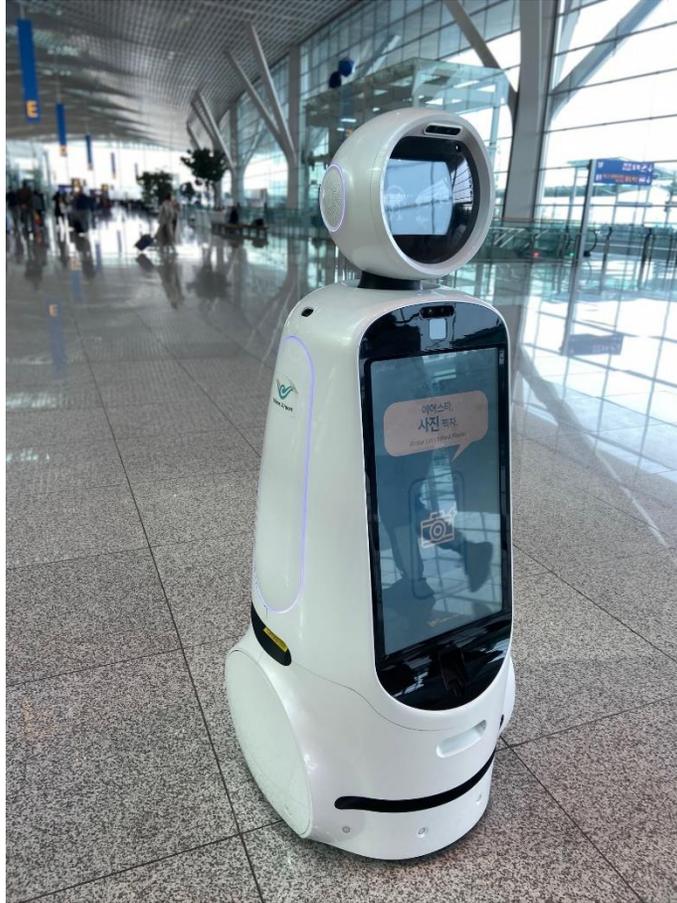
Key Lessons learned.

- **In countries where LMIS systems are weak or non-existent, picking a few important sectors and creating mini-LMIS could help make the task of creating LMIS manageable**
- **LMIS systems rely on survey and administrative data from multiple Ministries and agencies. As such, data structure, definition, and sharing protocols needs to be interoperable to allow communication between different platforms (such as Work-Net, HRD-Net, Employment Insurance (EI), and others).**

Participating Institutions and Session Outcomes

The WB team and the Nigerian delegation held technical discussions with Korean counterparts and participated in site visits. Key learnings from each of the meetings are summarized below:

- i. **Korea Labor Institute (KLI)**: Dr. Jai-Joon Hur, Director of the Employment Policy Division at the Korea Labor Institute, presented the evolution of Korea's labor market strategy and institutions from 1960s to present day, explaining how the concept of active labor market policies were introduced and finalized in Korea. Korea's employment policy before active labor market policies were discussed along with the birth and development of the Employment Insurance Scheme (EIS). Korea's focus on export promotion as its development strategy, including exporting of labor during 1960-1980 to work in German mines and the construction sector in the Middle East were highlighted, compared to import substitution strategies followed by many of its contemporaries during that period.



- ii. **Ministry of Employment and Labor (MOEL):** During three separate sessions, the Korean delegates from MOEL shared their overall skills development, youth employment, and foreign workforce policies:
- a. *Vocational Skills Development Policy Direction in Korea:* Highlighted the steps MOEL is taking in preparing its workforce for the Fourth Industrial Revolution. Citing a recently concluded survey, MOEL presented findings that more than half of the surveyed workers in Korea feel underprepared for the jobs challenge posed by the advancement in technology and automation. It then presented a policy framework for a life-cycle learning approach that started with offering apprenticeship programs - integrating industry and educational institutions - during schooling, granting individual learning cards for the unemployed to help with job search and upskilling, facilitating continuous employer-led training, and reorienting employer-led training to match the rapidly changing industry standards. Programs facilitating training of small SMEs by large businesses were also discussed.
 - b. *Recent Challenges in Youth Labor Market:* Outlined steps MOEL is taking in addressing the recent rise in youth unemployment rates and low earnings of youth in Korea. MOEL presented a three-pronged approach in the short-term for managing youth unemployment, which included providing a subsidy grant to job-seeking youth for up to 6 months, providing subsidies to SMEs for hiring youth as regular workers, and providing an asset-building grant to SMEs who continuously employ youth for a period of 2-3 years. Different sources of funding for the programs were also discussed.

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- c. *Policy on migrant workers and EPS*: Focused on the EPS system and discussed the flexibility of the MOU as a labor agreement instrument (as opposed to a more rigid Bilateral Labor Agreement (BLA)), the role of the Foreign Workforce Committee in determining quotas for foreign workers by sector and sending country, roles and responsibilities of different federal and local agencies in the EPS process, training and skilling opportunities available for foreign workers, and role of different agencies in the sending country in the EPS process.



- iii. **Human Resources Development Service of Korea (HRD), Foreign Workforce Division, followed by an academic presentation on EPS**: This day-long session focused on the EPS scheme from the point of view of HRD, the primary agency that implements the scheme in coordination with representatives from 16 countries of origin. In the morning, the discussion focused on the evolution of EPS. Initially established in 1993 as the Industrial Trainee System (ITS) scheme, EPS replaced its predecessor program because of abuse by private recruitment agencies and high migration costs borne by the migrants. EPS has since evolved into a government to government (G2G) temporary migration program which aims at filling labor shortages in low-skilled jobs in Korea. The scheme initially started with foreign workers from six countries of origin in three industries and three years as term of employment. Currently, the scheme has been expanded to include foreign workers from 16 countries of origin in five industries. The employment term is still Three years but can be extended by an additional Twenty-Two months if agreeable to the employer and the migrant worker. EPS is considered best practice in terms of temporary labor migration programs facilitating movement of low-skilled workers as it includes a robust recruitment and pre-departure orientation process, including the Korean language test, skills test for certain occupational

categories, medical check-up, signing of labor contract, and vocational training upon arrival in Korea. The afternoon session held discussions on current challenges faced by the EPS scheme including fluctuation of yearly quotas by industry/country of origin and information asymmetry in the job matching process, followed by key takeaways from the Nigerian delegation in terms of learning how to design a temporary labor migration program from a sending country perspective. Finally, the late afternoon session gathered views from academia with Dr. Kyu-Yong Lee, Director of the Center of Labor Statistics Research Division at the Korea Labor Institute, making presentation on the process for determining EPS quotas by industry/sending country and the impact foreign workers have had on the Korean labor market.



- iv. **Ministry of SMEs and Startups (MSS):** This session introduced major policies aimed at supporting startups and SMEs in Korea. MSS presented a framework aimed at fostering policies for aspiring entrepreneurs with a range of qualification and experience levels. Programs such as Youth Bizcool focused on providing youth in school with necessary education as space for startup ideas. For early stage entrepreneurs, MSS provided vouchers to help with tax and accounting related expenses to alleviate management burdens and create conditions to focus on entrepreneurial activities. For new enterprises, policies were devised to help entrepreneurs with commercialization of their products as well as mentoring and follow-up support. Finally, for mature startups, programs such as Tech Incubation Program for Startups (TIPS) provided funding, R&D, commercialization and marketing support with the help of private investors.



- v. **Korea Employment Information Service (KEIS):** This session introduced the work of KEIS in projecting medium and long-term labor supply and demand in Korea, with the primary purpose of forecasting the structure of labor force in the future and helping set up manpower development policies to achieve sustainable growth. A detailed manual on the methodology used for projecting medium and long-term labor force projections was shared with the Nigerian delegation for reference. This session also discussed the role KEIS plays in providing job intermediation services. Similar to the O-net platform in the US, Korea uses Work-Net, a job portal aimed at providing a variety of information and services to both jobseekers and employers. KEIS also helps in assessing the effectiveness of employment and vocational training services provided under the MOEL.

- vi. **Korea Polytechnics (KOPO):** This session focused on understanding the evolution and success of Korea's state of the art TVET programs and vocational training facilities. Key issues discussed were incentives in place to encourage youth to join vocational training programs; links between the private sector, industry, and TVET training institutes in placing jobseekers into employment; and training-of-teachers to continuously re-orient curriculum in vocational training programs to evolving industry standards. Key recommendations provided to Nigerian counterparts focused on improving the qualification and training of teachers, starting TVET reforms with a few strong performing TVET institutions and industrial sectors, and allowing TVET institutions to provide high-school diploma to trainees upon successful completion of training.



- vii. **Site visit to Global Institute for Transferring Skills (GIFTS), HRD:** In this session, participants from the Nigerian delegation were provided with an overview of the roles and responsibilities of HRD Korea under MOEL, which included vocational competency development and assessment, supporting foreign workforce employment, helping overseas employment of Korean youths, skills promotion, and international cooperation. Followed by the discussion, the delegation from Nigeria were able to visit the state-of-the-art training facilities in the GIFTS training center in Ansan, where Korean youths were participating in week-long training courses in computer programming, welding of machinery and equipment, and assembling of vehicles.



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- viii. **Site visit to Employment Service Center:** Followed by the site visit to GIFTS, the mission team joined the Nigerian delegation in visiting the Employment Service Centers, which provides guided mentoring and counseling support to unemployed youth, underprivileged groups such as women and low-skilled youth and offers employment support services to foreign workers.
- ix. **Site visit to Counseling Center for Foreign Workers:** The final site visit explored the services offered through the Counseling Center for Foreign Workers. This center housed dedicated personnel to support foreign workers in their own language. Interpretation services were available in languages from all 16 countries of origin in the EPS scheme. Counseling support was provided in-person as well as through call centers, where foreign workers could dial in with their grievances 7 days a week, at no additional cost.

Reflections from Nigerian Delegates



“In terms of labor migration, skills training programs for prospective migrants should be designed to cover areas of need in both origin and destination countries. Nigeria’s Migrant Resource Centers (MRC) have the potential to be a one-stop information hub, similar to the Work-Net in Korea, for potential migrants to assess and gather information”

-Roseline Olaomi, Deputy Director, National Directorate of Employment



“Any future MOU that Nigeria enters into with destination countries should consider three aspects: (i) the length of the MOU should be long enough for migrants to assimilate and gain key skills; (ii) it should have the flexibility to change employers similar to the EPS, and (iii) it needs to deal with the information asymmetry between employers in destination countries and Nigerian migrants”

-Olamide Fagbaju, Special Assistant to the President of Nigeria on Economic Matters

“It has been a challenge to establish the Labor Market Information System (LMIS) in Nigeria. Funding has been a major challenge. This visit made us realize that perhaps we could start small with a LMIS for a particular sector or industry”

- ***Sunday Onazi, Chief Labor Officer, Federal Ministry of Labor and Employment***
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“Polytechnics are important facilitators in the job market. In Nigeria, we often view TVET institutions through academic lens only which is why linkages between TVET curriculum and industry demand is absent. Industry needs to play a more active role in TVET institutions and vice-versa”

- ***Mariam Masha, Senior Special Assistant to the President of Nigeria on Humanitarian Interventions***

Agenda

Time	Session	Presenter	Location	Objective
<i>Day 1: Monday, November 18 2019</i>				
10:30-12:00	Session 1: Overview of Korean Labor market Policies and Strategies	Korea Labor Institute (KLI)	KLI, Sejong	Learn how Korean labor market policies and programs and relevant institutional frameworks have evolved over the past four decades, keeping pace with changing labor demand.
14:00-14:50	Session 2: Policies and programs on youth employment	Ministry of Employment and Labor (MoEL) - Employment Policy Coordination Division; Youth Employment Division	MOEL, Sejong	Discuss policies and programs designed to boost youth employment in Korea, including Korea Job World and Work-Net
15:00-15:50	Session 3: Policies on Vocational Training and Skills Development	MoEL - Vocational Skills Policy Bureau	MOEL, Sejong	Conduct a deep dive into Korea's skill development policies, including how it has anticipated future skills demand.
16:00-16:50	Session 4: Policies on labor migration and Employment Permit System (EPS)	MoEL - Foreign Workforce Division	MOEL, Sejong	Provide the evolution of Korea's EPS, selection of partner countries, policies on annual quota on foreign workers, and current challenges.
<i>Day 2: Tuesday, November 19 2019</i>				
10:00-12:30	Session 5: Overview of Employment Permit System (EPS)	HRD - Foreign Workforce Bureau	Lotte Hotel, Seoul	Overview of the EPS from the implementation perspective and the role of EPS centers in partner countries.
14:00-15:00	Session 6: EPS Impelmentation: Managing the job-seeker pool and the selection process	HRD - Foreign Workforce Bureau	Lotte Hotel, Seoul	Zoom in on the EPS process taking place in the countries of origin, including skills training pilots, job application, job matching, and pre-departure training.

<i>Day 3: Wednesday, November 20 2019</i>				
10:00– 12:00	Session 8: Policy on Incubating and Supporting Entrepreneurs	Korean Ministry of SMEs and Startups (MSS)	Lotte Hotel, Seoul	Introduce support programs to promote youth start-ups, and also highlight the role of local governments in this area.
13:30– 15:00	Session 9: Medium-term Forecast of Labor and Skills Supply and Demand	Korea Employment Information System (KEIS)	Lotte Hotel, Seoul	Learn how KEIS collects data, monitors labor market development, and forecast labor/skills supply and demand.
15:30 – 17:00	Session 10: Work-study Training Programs and School- to-Work transition	Korea Polytechnics (KOPO)	Lotte Hotel, Seoul	Understand how work-study training programs are developed and the curricula are adapted to changing labor demand.
<i>Day 4: Thursday, November 21 2019 (field visits – Incheon and Ansan)</i>				
10:00- 12:00	Session 11 and Field visit 1: Global Institute for Transferring Skills (GIFTS) ; Overview of Korea’s labor market and skills development system	Incheon	GIFTS	Highlight how HRD Korea has changed its role in response to evolving economic conditions and government policies, including competency development and overseas employment support for the youth.
14:00- 14:30	Field visit 2: Employment Service Centers in Ansan	MOEL	Ansan	Learn how EPS job matching is conducted and learn its system.
15:00- 16:00	Field visit 3: Foreign Worker Welfare Center in Ansan	MOEL	Ansan	Learn how the welfare center provides counseling, intermediation and welfare services to foreign workers in native languages.
17:00- 18:00	Wrap-up discussions and closing	All	Lotte Hotel, Seoul	Discuss key takeaways, including migration through skills partnership and how Korean experience could shape their strategies and programs to boost youth employment and to facilitate labor

