



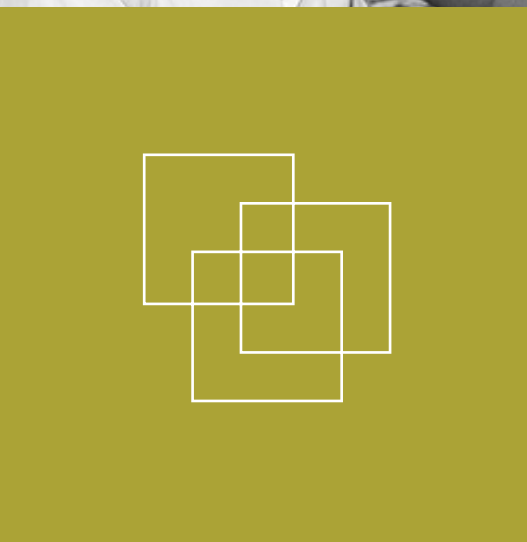
Decent
Work



Unemployment protection:

A good practices guide
and training package

Experiences from ASEAN



**Unemployment protection:
A good practices guide
and training package**

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First published 2017

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ISBN 978-92-2-128432-1 (print); 978-92-2-128433-8 (web pdf)

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Unemployment protection: A good practices guide and training package

Experiences from ASEAN

Celine Peyron Bista and John Carter

FOREWORD

The Association of Southeast Asian Nations (ASEAN) Economic Community was launched at the end of 2015. The Economic Community will affect 600 million men and women. It has the potential to drive innovation, create new jobs, increase productivity and thus accelerate growth. This accelerated growth, however, will require changes in skills and jobs. To smooth this transition process, ensure that no vulnerable people are left behind and that the majority of men and women benefit from the changes, social protection and unemployment protection must become priorities.

In October 2013, at the 23rd ASEAN Summit in Brunei Darussalam, the ten ASEAN leaders adopted a Declaration on Strengthening Social Protection. This reaffirmed their commitment to building a regional community that is “socially responsible and people-oriented” through the establishment of nationally defined social protection floors. The Declaration reflects a growing consensus in the region that the establishment of a solid social protection system in each country is fundamental for reducing poverty and inequality, creating decent employment and promoting inclusive and sustainable growth. We know from experience that progress in poverty reduction and creating decent work can be all too easily reversed by changes in the economic environment. To put this in perspective, one in every two workers in the ASEAN region is still in vulnerable employment, without any cushion to protect them should a crisis hit.

The ASEAN Member States have made significant progress in extending coverage of their social protection systems. However, these national systems are typically poorly suited to protecting workers in the informal economy. Of the ten ASEAN countries, only Thailand and Viet Nam have unemployment insurance schemes.

Support for those who lose their job should not be only financial. Employment promotion policies are just as important. Such a combined approach is at the heart of the messages promoted by the tripartite constituents of the International Labour Organization (ILO) through the Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168). Most ASEAN Member States have established employment services and vocational training centres to help workers and employers benefit from employment promotion policies. Nonetheless, jobseekers and employers often complain about the lack of service efficiency, limited networks throughout the country and mismatching with needs.

Therefore, this unemployment protection good practices guide and training package comes at an important time, when social protection and decent work have been recognized as key components of the new global development agenda. Both have a prominent role in the United Nations Sustainable Development Goals (SDGs). For example, “realizing decent work for all” is one pillar for achieving SDG 8 on “sustained, inclusive and sustainable economic growth”. Additionally, one of the targets for SDG 1, on ending poverty in all its forms everywhere, requires countries to commit to implementing nationally appropriate social protection systems and measures for all, including social protection floors, by 2030.

The ILO is an established partner of the ASEAN Member States and the ASEAN Secretariat in promoting social protection. Since 2011, the ILO Regional Office for Asia and the Pacific, with the support of the ILO/Japan Multi-bilateral Programme and in collaboration with the ASEAN secretariat, has implemented the project, Promoting and Building Social Protection in ASEAN. This unemployment protection guide is a product of this project.

The purpose of the guide is twofold. Learning from concrete country experiences and practices, it provides guidelines and tools to conduct training sessions and workshops for the design and implementation of unemployment protection schemes linked with employment promotion policies. It also can be used as a toolkit by policy-makers to conduct feasibility studies for the design of unemployment protection schemes for both informal and formal economy workers. The guide does

not prescribe a standard scheme or method; instead, it highlights the ILO principles and approaches that will guide the design and implementation of context-specific unemployment protection schemes.

I believe that the guide and training package constitute an important resource that will enrich the continuing unemployment protection-related discussions among ASEAN Member States and inspire policy-makers at national and regional levels. I hope that the guide will contribute towards advancing the realization of social protection and decent work for all in ASEAN.



Tomoko Nishimoto
Assistant Director-General and
Regional Director
ILO Regional Office
for Asia and the Pacific

CONTENTS

Foreword	iii
Acknowledgements	xi
Abbreviations	xii
Background to the unemployment protection good practices guide and training package	1
Module 0:	5
Session M.0: Introduction to the training package	9
Handout 0-1: Timetable for a training course on unemployment protection	10
Module 1:	13
Session M1.1: Introduction to social protection: Definitions, international labour standards, social protection strategies and the social protection floor	15
M1.1.a Presentation: Definition of social security, social protection and social protection floor	15
M1.1.b Presentation: The international labour standards related to social security	15
M1.1.c Presentation: Strategies for the extension of social protection and for establishing a social protection floor	17
M1.1.d Presentation: Unemployment protection as part of a comprehensive social security system	18
Session M1.2: The social protection situation and challenges to protect unemployed workers in ASEAN countries: An overview of the labour market situation in the region	21
M1.2.a Presentation: Employment and unemployment trends in the ASEAN region	21
M1.2.b Presentation: Opportunities and challenges to extend unemployment protection in the ASEAN region	22
Session M1.3: Interactive learning and knowledge fair: Who wants to be a “protectionnaire”?	23
Handout 1-1: List of proposed questions to be used during the exercise Who wants to be a “protectionnaire”?	24
Further reading	27
Module 2:	29
Session M2.1: The international labour standards on unemployment protection	31
M2.1.a Presentation: Social Security (Minimum Standards) Convention, 1952 (No. 102) and Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168)	31
M2.1.b Practice session: Comparative review of existing national laws and regulations with the principles set out in the ILO standards	36
Session M2.2: Review of various unemployment and employment insurance schemes and active labour markets policy experiences	37

M2.2.a Presentation: Comparative review of unemployment and employment insurance experiences in Asia and worldwide	37
M2.2.b Presentation: The role of active labour market policies in protecting unemployed workers	40
Session M2.3: Experiences from ASEAN countries on unemployment insurance, training and entrepreneurship support	46
M2.3.a Country experiences: The development of the unemployment insurance schemes in Thailand and Viet Nam	46
M2.3.b Country experiences: Active labour market programmes in the ASEAN region: The 1AZAM programme in Malaysia and the National Training Funds of Cambodia	49
Handout 2-1: Comparison of unemployment benefits in Convention No. 102 and Convention No. 168 with national legislation	53
Further reading	55
Module 3:	57
Session M3.1: Assessing the situation: Analysing the labour market, unemployment and social protection needs and mapping existing laws and programmes	60
M3.1.a Presentation: Capturing the unemployment situation: Key labour market indicators	60
M3.1.b Practice session: Mapping social protection laws and programmes to cover unemployed workers and identifying gaps, implementation issues and needs	64
Session M3.2: Facilitating social dialogue for the introduction of unemployment protection schemes	68
M3.2.a Discussion: Determining the country's priorities for the extension of social security: Protection of formal and informal employees, prevalence of other priorities (health care and pensions), coverage and objectives of the schemes	68
M3.2.b Discussion: Balancing interests among tripartite constituents through social dialogue and building capacity for an informed policy-making process	70
M3.2.c Discussion: Severance pay and unemployment benefits: Similarities and differences of each provision	72
M3.2.d Country experiences: Facilitating a national dialogue for the introduction of unemployment insurance	74
Session M3.3: Shaping recommendations and options for improving unemployment protection	78
M3.3.a Practice session: Through a case study exercise, identify gaps, implementation issues and needs, and then determine the possible options	78
M3.3.b Practice session: Using the case studies to determine a range of options that are in line with Convention No. 102, Convention No. 168 and Recommendation No. 202	80
M3.3.c Practice session: Discussing specific needs of certain groups to ensure that the schemes are inclusive (migrant workers, women, persons with disabilities, youth)	80
Further reading	83
Module 4:	85
Session M4.1: Coordinating unemployment benefits (income replacement) with employment promotion policies and programmes	87

M4.1.a Presentation: The need for coordinating social protection and employment policies as part of the establishment of a social protection floor	87
M4.1.b Practice session: Selecting the appropriate institutional set-up for an unemployment protection scheme	87
Session M4.2: Integrating the delivery of a combined package of unemployment protection	91
M4.2.a Presentation: Integrating the delivery of unemployment protection services through a single-window service and e-governance	91
M4.2.b Country experiences: Mongolia as an example of one-stop shop for delivering social protection benefits and employment services	93
M4.2.c Country experiences (study visit): The Provincial Labour Office of Ayutthaya, Thailand	94
Handout 4-1: Exercise on mapping of institutions in Coresia	96
Handout 4-2: Review quiz on Module 4 on institutional arrangements	97
Further reading	98
Module 5:	99
Session M5.1: Drafting the legal framework for an unemployment protection scheme	102
M5.1.a Presentation: Understanding the legal context: The hierarchy of legal texts and possible implications on existing laws	102
M5.1.b Practice session: Preparing an outline of a draft law for (contributory and non-contributory) unemployment protection schemes in line with ILO standards	104
M5.1.c Practice session: Determining the legislative options for the overall legal structure of the unemployment protection scheme	117
M5.1.d Practice session: Important notions to be clarified in the law and possible mechanisms to improve compliance	120
Session M5.2: Enforcement and compliance mechanisms	122
M5.2.a Presentation: Registration and collection of contributions	122
M5.2.b Presentation: Establishing inspection and supervisory mechanisms	123
M5.2.c Presentation: Legal proceedings and penalties	124
M5.2.d Presentation: Complaint and appeal mechanisms	126
Handout 5-1: Inventory of the elements of a proposed law for an unemployment protection scheme	129
Handout 5-2: Just cause for quitting: Example from Canada	131
Further reading	133
Module 6:	135
Session M6.1: From a range of options to practical scenarios for improving unemployment protection	137
M6.1.a Presentation: Converting a range of options into practical scenarios	137
M6.1.b Practice session: Determining best scenarios on the basis of the case studies for Coresia	139

Session M6.2: Basic knowledge of actuarial principles and techniques, and the ILO tools for assessing the cost of unemployment protection schemes	140
M6.2.a Presentation: Basic actuarial principles and techniques and the ILO cost-estimate tools	140
M6.2.b Practice session: Identifying sources, understanding data and the different parameters of the formula and estimating the cost of unemployment protection schemes	141
Further reading	150
Module 7:	151
Session M7.1: Establishing an effective implementation plan and communication strategy	153
M7.1.a Practice session: Preparing an implementation plan	153
M7.1.b: Practice session: Planning a communication and education strategy	156
Session M7.2: Developing a manual of procedures and training staff and managers	160
M7.2.a Discussion: Developing a manual of procedures for operation of the unemployment protection scheme	160
M7.2.b Practice session: Training techniques available for management and staff	163
Handout 7-1: Generic content and timetable for implementation of a new unemployment insurance scheme	166
Handout 7-2: Generic content timetable for implementing a non-contributory income-support programme or active labour market programme	172
Handout 7-3: Group discussions on the communication plan for the implementation of a new unemployment protection scheme	176
Handout 7-4: Example of an outline of an unemployment insurance manual of procedures for Coresia	177
Handout 7-5: Exercise to design a training schedule for the unemployment insurance scheme staff and managers	178
Appendix 7A: Graph of generic registration of employers for the collection of unemployment insurance contributions	179
Appendix 7B: Graph of generic filing of initial unemployment insurance application for benefit	180
Further reading	181
Module 8:	183
Session M8.1: Monitoring and evaluation system of an unemployment protection scheme	185
M8.1.a Presentation: Determining an effective strategy for monitoring and evaluating the unemployment protection scheme	185
M8.1.b Discussion: Defining and establishing key performance indicators	186
M8.1.c Discussion: Establishing an effective and appropriate monitoring mechanism to measure the quality of claims processing	190
M8.1.d Presentation: Developing content and the timelines of monitoring reports	191
Appendix 8: Improving the scheme with feedback from stakeholders	194
Handout 8-1: Identification of key performance indicators: Coverage, benefits, operations, finances and client satisfaction	197

Handout 8-2: Responses to the identification of key performance indicators: Coverage, benefits, operations, finances and client satisfaction	199
Further reading	201
Glossary	202
Figures	
Figure 1.1: Share of employment by status in the ASEAN region, 2009–19, projected	22
Figure 3.1: Structure of the matrix of the assessment-based national dialogue on social protection	67
Figure 3.2: Steps in the ILO’s assessment-based national dialogue exercise	69
Figure 3.3: The proposed options for the employment insurance programme in Malaysia	78
Figure 4.1: Number of unemployment insurance claims submitted per month, 2011, 2012 and 2013	97
Videos	
Video 2.1: Unemployment insurance in Viet Nam, an experience to be shared	48
Video 4.1: The One-Stop Shop: The Mongolian experience for delivering social protection and employment services	93
Tip boxes	
Tip box 0.1: Content of the course and guide	7
Tip box 1.1: The two dimensions of social protection extension	17
Tip box 1.2: Unemployment protection: A key element of a national social protection floor	20
Tip box 2.1: The limitations of individual savings accounts to provide adequate unemployment protection	33
Tip box 2.2: Conclusions of the comparative review of 14 unemployment and employment insurance schemes	40
Tip box 2.3: Typology of active labour market policies	42
Tip box 2.4: Comparison of unemployment insurance schemes in Thailand and Viet Nam	49
Tip box 2.5: Services of the 1AZAM programme in Malaysia	50
Tip box 3.1: Definitions of key demographic indicators	61
Tip box 3.2: Definitions of macroeconomic indicators	62
Tip box 3.3: Definitions of key labour market indicators	63
Tip box 3.4: Arriving at recommendations for the extension of social protection and employment support	67
Tip box 3.5: What is a position paper?	71
Tip box 3.6: Shortcomings of severance payments	73
Tip box 3.7: Severance payments and unemployment benefits, review of country practices	74
Tip box 5.1: What the ILO social security standards state	104
Tip box 5.2: Targeting methods and mechanisms	106
Tip box 5.3: Examples of the legal framework for unemployment and an employment insurance system	118
Tip box 6.1: The need for actuarial valuations	140
Tip box 7.1: Establishing a national implementation working group	154
Tip box 7.2: Implementation plan of an unemployment insurance scheme	155
Tip box 7.3: Implementation plan of a non-contributory scheme	155
Tip box 7.4: Preparing training packages and when to conduct training	164
Tip box 8.1: Using the SMART approach, as one method to set key performance indicators	189
Tip box 8.2: What do we need to avoid when setting performance indicators?	189
Tip box 8.3: Contents of a dashboard	192

Country boxes

Country box 2.1: Linking unemployment insurance benefits with vocational training in Viet Nam	39
Country box 2.2: Employment Insurance System in Japan	39
Country box 3.1: National Social Protection Strategy for the Poor and Vulnerable in Cambodia	68
Country box 3.2: New Economic Model: A vision towards a high-income economy in Malaysia	69
Country box 3.3: The situation of migrant workers in Thailand	80
Country box 3.4: Return to Work Programme in Malaysia	82
Country box 5.1: Examples of work-sharing programmes linked to unemployment benefits	112
Country box 5.2: Making work pay – From minimum income guarantee to active solidarity income in France	113
Country box 5.3: Just cause for quitting in Canada	131
Country box 7.1: The crucial importance of the communication strategy in the success of the unemployment insurance scheme in Viet Nam	158
Country box 7.2: Different approaches to the communication strategy in Viet Nam	159
Country box 7.3: The manual of procedures to help clarify the functions and responsibilities of each institution in Viet Nam	161
Country box 8.1: The monitoring system of the unemployment insurance scheme in Viet Nam	191

Exercise boxes

Exercise box 6.1: Selecting parameters for possible scenarios of unemployment protection options in Coresia	138
Exercise box 6.2: Building low and high scenarios of unemployment protection options for Coresia	139
Exercise box 6.3: Estimating the cost of non-contributory benefits	142
Exercise box 6.4: Estimating the total contributory earnings	144
Exercise box 6.5: Estimating the amount of benefits	144
Exercise box 6.6: An example of calculating the cost of implementing an unemployment benefit (income replacement) scenario	146
Exercise box 6.7: Estimating the amount of benefits	149

ACKNOWLEDGEMENTS

The authors gratefully acknowledge the support of the Government of Japan in providing assistance to developing countries in the ASEAN region through the ILO and Japan Multi-bilateral Programme. This regional programme, established in 1974, combines the technical expertise of the ILO with financial support from the Ministry of Health, Labour and Social Welfare of Japan. The ILO/Japan Project, Promoting and Building Social Protection in ASEAN, launched in 2011, was implemented with ASEAN Member States through the ASEAN Secretariat to strengthen social protection in the region. From 2011 to 2013, the project concentrated its technical assistance on promoting unemployment insurance and employment services in ASEAN (Viet Nam received direct support from the project). In addition, knowledge and expertise on unemployment protection available through the project also assisted Malaysia in its national dialogue towards the establishment of an employment insurance scheme.

The unemployment protection guide and training package constitutes a compilation of the tools, products and knowledge on unemployment protection generated through the ILO/Japan Project, Promoting and Building Social Protection in ASEAN.

We are grateful to the various experts and practitioners who contributed to this guide and training package. In particular, we are highly thankful to Michel Bedard, Cheng Boon Ong, Loan Ngo Thi. We also acknowledge the technical inputs of Loveleen De, Thibault Van Langenhove, and Maya Stern Plaza, at the ILO Social Protection Department, Claire Harasty, at the Country Policy Development and Coordination Unit of the ILO Employment Policy Department, and Charles Crevier, at the International Training Center of the ILO. All interpretations and errors remain the responsibility of the authors.

ABBREVIATIONS

1AZAM	Akhiri Zaman Miskin (Malaysia)
ABND	assessment-based national dialogue on social protection
ALMPs	active labour market policies
ASEAN	Association of Southeast Asian Nations
BOE	Bureau of Employment (Viet Nam)
COD	Coresian dine (fictitious)
EU	European Union
GDP	gross domestic product
GTP	Government Transformation Programme (Malaysia)
ILO	International Labour Organization
INR	Indian rupee
IT	information technology
KPI	key performance indicator
LCD	liquid crystal display
M&E	monitoring and evaluation
MOU	memorandum of understanding
MYR	Malaysian ringgit
NGO	non-governmental organization
NREGA	Mahatma Gandhi National Rural Employment Guarantee Act (India)
OECD	Organisation for Economic Co-operation and Development
OSH	occupational safety and health
PKR	Pakistani rupee
RAP	Rapid Assessment Protocol
RSA	Revenu de Solidarité Active or Active Solidarity Income (France)
THB	Thai baht
TPC	Tripartite Project Committee (Malaysia)
TPC-LSS	Tripartite Project Committee for Labour and Social Security (fictitious Coesia)
UN	United Nations
UNICEF	United Nations Children's Fund

BACKGROUND TO THE UNEMPLOYMENT PROTECTION GOOD PRACTICES GUIDE AND TRAINING PACKAGE

In market economies, involuntary unemployment and underemployment are an economic contingency that workers may experience, especially workers who cannot afford either one. The 2009 global financial and economic crises and their impacts on labour markets raised awareness on the importance of strengthening social protection for affected workers. In April 2009, the United Nations Chief Executive Board adopted the Social Protection Floor Initiative as one of its mitigating nine responses to the financial and economic crises. Simultaneously, the Global Jobs Pact, adopted by the International Labour Conference at its 98th session in June 2009, called on governments and representative organizations of workers and employers to undertake policies that are in line with the International Labour Organization's (ILO) Decent Work Agenda. It urged governments to consider such measures as public infrastructure investment, special employment programmes, broadening of social protection and minimum wages.

Unemployment protection, as introduced in the ILO Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168), is a combination of income security measures (under the form of contributory or social assistance schemes) aimed at guaranteeing a certain standard of living for workers until they can return to work and policies to help unemployed workers increase their employability and search for new jobs.

Countries throughout the world are currently engaged in various contributory and non-contributory schemes to protect unemployed workers. With the Association of Southeast Asian Nations (ASEAN)¹ undergoing an economic integration as of 2015, the need to reinforce social security and establish social protection floors across the region has gained more significance. With the adoption of an ASEAN Declaration on Strengthening Social Protection in October 2013 in Brunei Darussalam, the leaders of the ten ASEAN Member States reaffirmed their commitment to build a socially responsible, people-oriented ASEAN community by 2015. During an ILO-ASEAN seminar on unemployment insurance, income security and active labour market policies (in Ho Chi Minh City in March 2012), ASEAN governments and social partners acknowledged that unemployment benefits as well as other social protection measures for unemployed or working poor persons should be an integral component of development efforts to ensure that progress in poverty reduction is not reversed in times of crises.

Income security for the working-age population, as guaranteed by a social protection floor, can take the form of various income-support benefits and/or employment guarantees and services for unemployed workers and the working poor.

Such options will combine the income replacement function of social security with employment promotion policies as well as assistance and incentives that encourage real participation in the formal labour market.

For the working-age population, a three-dimensional approach combining income security, employment promotion and skills development is perceived as the most effective combination to:

¹ ASEAN encompasses Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam.

- ensure a minimum income and prevent unemployed workers and their families from falling into poverty;
- facilitate the return to employment as soon as possible; and
- upgrade skills and capabilities for better employability in a changing labour market (adapting to markets and economies as they diversify and are restructured).

Examples of policies and programmes for income-support benefits are those that cover unemployment insurance, minimum income guarantee schemes or public works programmes. Employability and skills development programmes entail education and training initiatives, apprenticeships, public employment programmes, community services and/or support for entrepreneurship.

Although their economic objectives are important, employment promotion policies almost always have social and political objectives that can influence the design and implementation process of unemployment protection schemes. Hence, dialogue with all stakeholders, including social partners, will have significant impact on the success of these programmes. The choice of options should reflect a government's commitment to address unemployment and working poverty, social inclusion and stability. When targeted to specific groups, such as female workers, youth, persons with disabilities, the working poor or low-skilled workers, they should also demonstrate a government's priority on access to equal opportunities.

Unemployment protection schemes and employment promotion policies also help mitigate the impact on workers due to economic restructuring and labour reforms.

Among the ASEAN members, Thailand (in 2004) and Viet Nam (in 2009) are the only two countries that have introduced unemployment insurance schemes. In these two countries, cash benefits are supplemented with job placement services and/or allowances to attend vocational training programmes. Other countries (Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar and the Philippines) are exploring modalities for introducing unemployment and employment insurance schemes that provide protection to those who lose their employment.

A recommended approach for social equity and redistribution of wealth calls for unemployment insurance benefits to complement non-contributory schemes that offer a minimum of income security among vulnerable workers, including those who have exhausted their unemployment insurance benefits. In South-East Asian countries, however, unemployment rates remain relatively low (estimated at 3.7 per cent as an average across the region for 2016²). Unemployment insurance schemes will thus only benefit a limited portion of workers.

The main challenge in this region is the increasing underemployment, persistent vulnerable employment and growing youth unemployment. In the South-East Asia and Pacific region, an estimated 53 per cent of workers were employed in vulnerable jobs in 2016, and young jobseekers were more than five times more likely than adults to be unemployed, with an unemployment rate estimated at 11.7 per cent.

Cambodia, Indonesia and the Philippines have developed public employment programmes targeting rural and informal workers, but they have been ad hoc and scattered provisions and are insufficiently linked with measures to increase the employability of the working poor.

Although most of the ASEAN countries are equipped with employment-support services, their network of offices is often limited, their labour market information is not always up to date, their services and information are typically incomplete, and their human resources are not sufficiently trained.

Social protection systems and employment services in many countries in ASEAN are still evolving and maturing in their capacity to deal with issues involving informal economy workers, the long-term unemployed, new labour market entrants and migrant workers. Both in the formal and informal

² ILO: *World Economic and Social Outlook: Trends for Women 2017* (Geneva, 2017).

economies, workers remain uncovered against the risk of losing their job and/or source of earnings. Of prime importance is the necessity to put in place an integrated and coordinated array of services and policies addressing the challenges for informal and formal workers. An integrated intervention should include social transfers and employment promotion policies, which can open up decent, productive and sustainable work opportunities for all male and female workers.

Among the ASEAN countries, there is a general quest for more knowledge on strategies and measures to support people who are unemployed or underemployed and tools that will enable the social dialogue process to make informed decisions concerning the introduction of unemployment protection measures.

In 2010, the ASEAN Member States asked the ILO to develop (and enable the sharing of) knowledge on unemployment protection, provide direct policy advisory services and facilitate social dialogue around the introduction of unemployment protection measures. From 2011 to 2013, the ILO, through the ILO/Japan Project, Promoting and Building Social Protection in ASEAN, funded by the Ministry of Health, Labour and Welfare of Japan, provided direct technical assistance to ASEAN countries on a regional basis (and to Viet Nam on a direct basis). The ILO also facilitated the design of an employment insurance scheme in Malaysia through a partnership with the Government.

The content of this training package was developed based on experiences, lessons learned and instruments generated through the ILO's three-year technical cooperation in unemployment protection in the ASEAN region. The material was tested and improved during two training courses on designing and implementing unemployment benefits that link with active labour market policies, with the participation of workers and employers from ASEAN countries, in Bangkok, Thailand in 2013 and in Malacca, Malaysia in 2015. The manual was developed to provide know-how, knowledge and practical tools to continue improving social protection and decent work in the ASEAN region and beyond.



MODULE 0:

Getting started and how to use the unemployment protection good practices guide and training package

About this guide and training package

Objectives of the module

- Give a general overview of the training course, its objectives and structure.
- Introduce the participants and their expectations.
- Explain the content of the different modules to participants.
- Make “housekeeping” announcements.

Estimated duration of the module: 1 hour

Purpose and objectives of the unemployment protection guide

This guide and training package provides principles, advice and tools to conduct training sessions and workshops for the design and implementation of unemployment protection schemes that link with employment promotion policies. It also can be used as a toolkit by policy-makers to conduct feasibility studies for the design of unemployment protection schemes for both informal and formal economy workers. The guide does not prescribe a standard scheme or method; instead, it highlights the ILO principles and approach that should guide the design and implementation of context-specific unemployment protection schemes.

The material is also intended only as a guideline for training courses. Actual course content should be based on the following parameters:

- tailor-made objective of the training sessions;
- prior knowledge and skills requirements of participants;
- economic and social context and social security situation in the country, whether it is in initial or advanced stages;
- resources available to the organizers of the training session and participants;
- capacity and prior experience of trainers; and
- any training previously given on the topic.

The guide uses the term unemployment protection schemes to refer to a number of measures aimed at addressing the needs of workers who have lost their job or would want to work more and are searching for employment (people who are unemployed and underemployed). A traditionally discussed measure is unemployment insurance, often based on contributions by employers and employees. However, employment promotion policies, including active labour market policies (ALMPs), also contribute an important function in protection against employment, notably in economies still largely dominated

by informal employment. In this guide, unemployment protection programmes and schemes also comprise non-contributory, or tax-funded cash support, and ALMPs that target unemployed and underemployed workers. Therefore, unemployment benefits can take the form of cash transfers, vocational training and public works and time-sharing interventions, among many other options that are explored in this guide.

Modules of the unemployment protection guide and training package

The unemployment protection guide follows the steps of a feasibility study employed to explore the different aspects of any future unemployment protection scheme (tip box 0.1): analysis of the labour market indicators, financial aspects, laws and regulations, options for the institutional set-up, monitoring and evaluation systems, implementation arrangements and social dialogue.

Phase 1: Informing the social dialogue on establishing an unemployment protection scheme

- Module 0:** Getting started and how to use the unemployment protection good practices guide and training package: About this guide and training package
- Module 1:** Introduction to social protection and unemployment protection: What role does unemployment protection have in a comprehensive social security system?
- Module 2:** The ILO approach to unemployment protection and country experiences: What do ILO standards on unemployment protection prescribe? How have other countries implemented their unemployment protection schemes?
- Module 3:** Determining options for setting up an unemployment protection scheme through social dialogue: How to facilitate consensus on the introduction of an unemployment protection scheme and in the determination of options

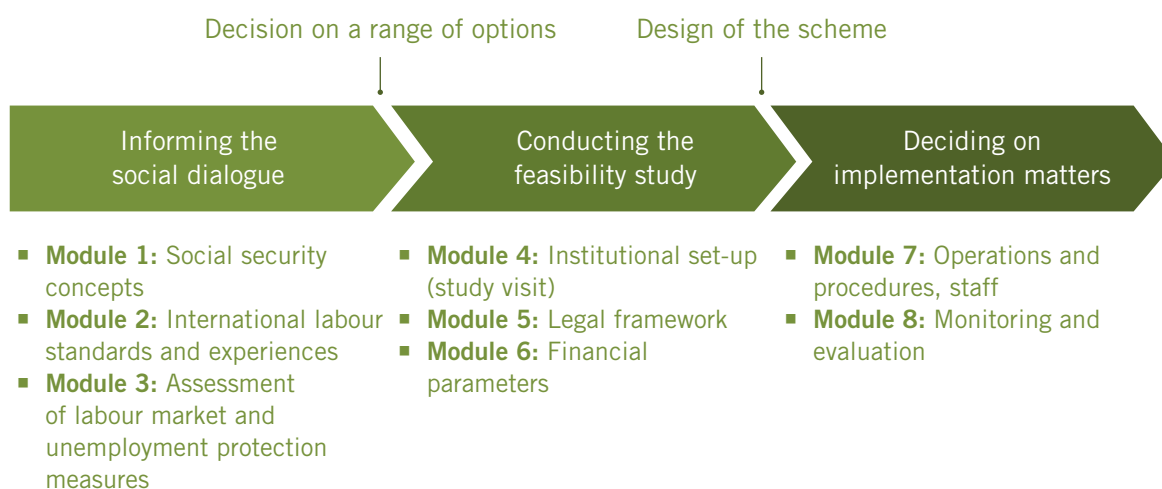
Phase 2: Assessing feasibility

- Module 4:** Institutional set-up of an unemployment protection scheme: Who will be responsible for what in the implementation of an integrated unemployment protection scheme?
- Module 5:** Legal framework and compliance and enforcement mechanisms for unemployment protection schemes: Why is a strong legal framework important?
- Module 6:** Designing practical scenarios and discussing the cost of each one: How to move from a range of options to setting parameters

Phase 3: Preparing for implementation

- Module 7:** Operating an unemployment protection scheme: How to establish procedures for the effective implementation of an unemployment protection scheme
- Module 8:** Monitoring and evaluation of the unemployment protection scheme: How to keep improving the unemployment protection scheme

Tip box 0.1: Content of the course and guide



Training and knowledge-sharing methodologies

The unemployment protection guide and training package prescribes a combination of several methods to facilitate learning and participation. These methods are inspired by those commonly used by the ILO's International Training Centre. The duration of a course covering all eight modules is estimated at ten working days, including a recommended one-day field visit to a job centre. A proposed timetable is included in Handout 0-1. The organizers may use whichever methods suit their needs. The following describes what is available in this package that would be useful for training purposes:

- presentations (containing text, diagrams, graphs, numbers and tables), which are provided by the lead trainer and other resource persons;
- brainstorming sessions initiated by the trainer and involving participants that will generate different ideas and discussions at the conclusion and will help gauge what participants have gained from the training;
- case studies that simulate (based on a fictitious country) all the different steps for the design of unemployment protection schemes;
- group discussions that will enable participants to draw from one another's experiences and ideas, to check the feasibility of someone's ideas and to get a second opinion;
- individual work, such as costing exercises;
- group activities, such as role plays and simulations for designing schemes and negotiating the introduction of the scheme with the government;
- quizzes to review the knowledge presented on a thematic area or other countries' experiences; and
- feedback before starting a new module.

The unemployment protection guide also is available in an electronic workspace format, with tutorial videos and suggested PowerPoint presentation, allowing for broader dissemination and use. The online workspace enables future trainers and practitioners to share additional training material, exercises, resources and so on. The link is <http://www.social-protection.org/gimi/gess/ShowProject.do?id=2348&lang=EN> [16 June 2017].

Case study exercises

To facilitate practical learning during the training course, participants work on case studies and simulate the design of an unemployment protection scheme. The trainees are divided into groups, each of which focuses on a potential scheme's component and each of which goes through a variety of options to arrive at the best one for the country context (which in this case uses a fictional country to illustrate how a working team can make their way through the process for establishing a scheme that is appropriate for their country):

Case study No. 1: Providing unemployment insurance and non-contributory income protection for all in Coresia

Case study No. 2: Introducing employment insurance linked with active labour market policies in Coresia

Case study No. 3: Providing income support and employment guarantee to the youth in Coresia

Case study No. 4: Providing basic income security and enhancing skills in rural Coresia

Case study No. 5: Promoting skills development and access to decent jobs for all in Coresia

It is recommended that the groups are maintained during the full duration of the training course.

The five case studies are available in a separate booklet.

Knowledge fair

Ideally, the knowledge fair takes place during the lunch, coffee and dinner breaks every day. The knowledge fair aims to give participants practical experience in using the Global Social Protection Platform, specifically in finding and sharing workspaces and resources on it.³ A demonstration on retrieval of information from the Social Security Inquiry database is also conducted (a participant may come forward and request specific information on a country, which is then obtained by an ILO resource person). Books, publications and reports on social protection are also put on display in the knowledge fair.

Target audience

The training manual is designed for the following target audience:

- representatives of ministries (or their equivalent) and working teams involved in the planning, financing and management of social security systems in a country, especially measures to support the unemployed and underemployed, such as the labour ministry, social security institutions, the social development ministry, the women's affairs ministry, the finance ministry, the rural development ministry, the interior ministry, the planning ministry and other relevant ministries;
- representatives of workers' and employers' associations; and
- social protection experts from United Nations and other development agencies and representatives of civil society.

To better facilitate participants' inclusion in discussions and group exercises, the training should not involve more than 30 participants.

³ See www.social-protection.org [accessed 18 Feb. 2017].

Session M.0: Introduction to the training package

The opening remarks are followed by an introduction to the course. The purpose of this presentation is to give a general overview of the training course, its objectives, structure and the use of case studies and the different exercises. This presentation includes an explanation of the content of the eight modules.



During the session, an introduction of the participants is organized using an “ice-breaking” game to help each person get to know one another. Because this is the first day, the organizers may have the participants form five groups (or fewer, depending on the number of participants). The participants are asked to pick up a sheet of paper with a number written on it (1–5, or up to however many groups there are). All number 1s are then grouped together, 2s together and so on. The number of groups may vary with the number of participants. It is desirable to have a group size of five to six people.

Each participant introduces themselves to the rest of their group by giving their name, country, organization and some other information that they would like the other group members to know about them.

One person from each group is then nominated to introduce the group members to the rest of the participants. Participants take 15 minutes to form groups and introduce themselves. The nominated persons take a total of 10 minutes to introduce their respective group (with 1 minute per group).

This session also serves to determine the participants’ expectations for the course. The groups are asked to note down a list of their expectations, through the use of text and diagrams in a creative manner. The organizers should distribute chart papers, coloured pens and scissors to the groups. The groups are given 30 minutes to organize themselves and finish their list of expectations. One person from each group presents the expectations of their group. This is expected to take 15 minutes (with 2 to 3 minutes per group). The completed papers are pinned to a board for participants to view at any time during the course. Photographs taken during this session and examples of expectation lists made by participants are then made available on the online workspace.



▲ *Training course on unemployment protection, 7-16 October 2013, Bangkok, Thailand.*

Handout 0-1: Timetable for a training course on unemployment protection

Day 1	Day 2	Day 3
Modules 0 and 1	Module 2	Module 3
Workshop opening M0: Introduction to the course	M2.1: ILO standards for unemployment protection	M3.1: Understanding the labour market and social protection situation
Break		
M1.1: Unemployment protection, as part of a comprehensive social security system	Group exercise: Comparative review of a country's laws and programmes with ILO standards	M3.2: Facilitating a national dialogue for the introduction of unemployment insurance Country representatives
Lunch		
M1.2: Challenges in ASEAN: Labour market and social protection situation	M2.2: Review of different unemployment and employment insurance and ALMPs experiences	M3.3: Building recommendations and options to improve unemployment protection Case study exercise 1 Identifying gaps and agreeing on a range of options
Break		
M1.3: Group exercise: Who wants to be a "protectionnaire"?	M2.3: Experiences in ASEAN Country representatives	Session M3.3 continues

Day 4	Day 5	Day 6	Day 7
Module 4	Modules 5 and 6	Modules 6 and 7	Modules 7 and 8
M4.1: Coordinating with existing policies	M5.1: Drafting the legal framework Case study exercise 3 Preparing a draft law	M6.2: Costing unemployment protection schemes Case study exercise 5 Costing using ILO tools	M7.2: Training of staff and managers
Break			
M4.2: Integrating unemployment benefits and employment services Case study exercise 2 Mapping institutions	M5.2: Enforcement of the laws	M6.2 continues Case study exercise 5 Costing using ILO tools	M8.1: Monitoring and evaluation systems Group exercise: Identifying targets, performance indicators
Lunch			
M4.2: Study visit	M6.1. From recommendations and options to practical scenarios Case study exercise 4 Translating recommendations into practical scenarios	M7.1: Establishing an implementation plan	Summarizing exercises and knowledge test
Break			
M4.2 continues	M6.2: Basic knowledge of costing and actuarial principles	M7.2: Developing a manual of procedures	Closing Course evaluation and feedback Certificates Closing remarks



MODULE 1:

Introduction to social protection and unemployment protection

What role does unemployment protection have in a comprehensive social security system?

Objectives of the module

- Introduce participants to the concept of social protection and international labour standards related to social security.
- Explain the concept of the social protection floor as part of social protection systems, and the role of unemployment benefits and employment promotion in the ILO strategy to extend social protection.
- Assess challenges faced by countries in the region in extending social security and unemployment protection to all residents.

Estimated duration of the module: 4 hours 15 min.

Content

Session M1.1 (1 hour 30 min.): Introduction to social protection: Definitions, international labour standards, social protection strategies and social protection floor

M1.1.a Presentation: Definition of social security, social protection and social protection floor

M1.1.b Presentation: The international labour standards related to social security

M1.1.c Presentation: Strategies for the extension of social protection and for establishing a social protection floor

M1.1.d Presentation: Unemployment protection as part of a comprehensive social security system

Session M1.2 (1 hour): The social protection situation and challenges to protect unemployed workers in ASEAN countries: An overview of the region's labour market situation

M1.2.a Presentation: Employment and unemployment trends in the ASEAN region

M1.2.b Presentation: Opportunities and challenges to extend unemployment protection in the ASEAN region

Session M1.3 (1 hour 45 min.): Interactive learning and knowledge fair: Who wants to be a “protectionnaire”?

Checklist of questions that are answered through the module

- ✓ What is social security, social protection and the social protection floor?
- ✓ How can social protection be extended?
- ✓ What are the main points of Convention No. 102 and Recommendation No. 202?
- ✓ What is the place of unemployment benefits and employment support in a strategy to extend social protection and the social protection floor?
- ✓ What are the challenges to expand unemployment protection in the region?

Training methods: Ice-breaking game, PowerPoint presentations, group discussions, videos, distribution of brochures and fact sheets, quiz games and knowledge fair.

Material to be distributed to participants: Relevant international labour standards, brochures and fact sheets on social security and social protection floors.

Physical media required: Writing paper and pens, chart paper, coloured cards, coloured pens, board to pin up chart papers, white board, markers, laptops, LCD projector and sound system.

Challenges: The trainer must elaborate on the challenges involved in the implementation of this module. For instance, it is imperative to make all stakeholders realize the importance of designing measures not only for formal economy employees, under the form of unemployment insurance benefits, but also introducing innovative employment promotion measures for those working in the informal and rural economies and for vulnerable groups, such as youth and people with disabilities. The trainer should emphasize that the training course is not only for discussing the design and implementation of unemployment insurance schemes but also designing measures aimed at tackling unemployment protection of informal and rural workers.

The challenge of such a module and course in general relates to the diverse expectations from participants, which will reflect the different stage that ASEAN countries are at in the development of their social security system. Again, this training also focuses on designing schemes for people working outside a formal employment relationship who are not covered by contributory unemployment insurance schemes.

Session M1.1: Introduction to social protection: Definitions, international labour standards, social protection strategies and the social protection floor

M1.1.a Presentation: Definition of social security, social protection and social protection floor

What is social security and social protection?

During their lifetime, people cope with different events and risks, such as maternity, raising children, illness, loss of a job, work injury, disability, old age and death of a breadwinner. These events concern everyone and have financial consequences for households. Social security is a set of measures and policies that help all households and individuals either avoid or cope with financial difficulties during their lifetime. Social security is foremost a human right embedded in the Universal Declaration of Human Rights, 1948 (Article 22).

Social security is therefore the protection that a society provides for its members: (i) to compensate for the loss of income caused by one of these contingencies (for instance, financial support when you are unemployed) and (ii) to facilitate access to social services (such as health services and education) and fulfil basic needs.

“Social protection” is considered the same as social security and defined by the ILO as “all measures providing benefits, whether in cash or in kind, to secure protection, inter alia, from: (i) lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old-age or death of a family member; (ii) lack of access or unaffordable access to health care; (iii) insufficient family support, particularly for children and adult dependents; (iv) general poverty and social exclusion”.⁴ Within the ASEAN region, however, social security tends to be associated with contributory social insurance.

What are the different types of social transfers?

The benefits provided by social security are called “social transfers”. Social transfers can be: contributory (financed by the contributions of workers, their employers and, in some cases, contributions by the government) or non-contributory (entirely financed by taxes). Contributory schemes include mandatory social insurance (compulsory membership for all private sector workers) and voluntary insurance (microinsurance schemes, partially or fully funded social insurance other schemes for informal economy workers). Non-contributory schemes can be targeted to the poor, categorical (targeted to persons older than a certain age, to children aged up to 3 years and so on) or universal. These social transfers can be provided by the government or an institution entrusted by the government.

M1.1.b Presentation: The international labour standards related to social security

What are the ILO standards to realize the right to social security? And what are the common principles enshrined in the ILO social security standards?

To guarantee the fundamental human right to social security, the ILO has set standards that lay down obligations and guidelines for ILO member States to design, to draft laws and regulations and then to implement their respective social security system. There are two types of ILO “standards” – Conventions and Recommendations. The Social Security (Minimum Standards) Convention, 1952 (No. 102) is one of the ILO flagship Conventions and elaborates fundamental principles that apply to

⁴ ILO: *World social security report 2010/11: Providing coverage in times of crisis and beyond* (Geneva, 2011), http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_146566/lang-en/index.htm [accessed 18 Feb. 2017].

all nine branches of social security.⁵ These principles are elaborated in the Social Protection Floors Recommendation, 2012 (No. 202).

These principles are reiterated by other instruments that provide more detailed guidelines for the design and establishment of specific social security branches:

<ul style="list-style-type: none"> ▪ Employment Injury Benefits Convention, 1964 (No. 121) 	<ul style="list-style-type: none"> ▪ Employment Injury Benefits Recommendation, 1964 (No. 121)
<ul style="list-style-type: none"> ▪ Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128) 	<ul style="list-style-type: none"> ▪ Invalidity, Old-Age and Survivors' Benefits Recommendation, 1967 (No. 131)
<ul style="list-style-type: none"> ▪ Medical Care and Sickness Benefits Convention, 1969 (No. 130) 	<ul style="list-style-type: none"> ▪ Medical Care and Sickness Benefits Recommendation, 1969 (No. 134)
<ul style="list-style-type: none"> ▪ Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168) 	<ul style="list-style-type: none"> ▪ Employment Promotion and Protection Against Unemployment Recommendation, 1988 (No. 176)
<ul style="list-style-type: none"> ▪ Maternity Protection Convention, 2000 (No. 183) 	<ul style="list-style-type: none"> ▪ Maternity Protection Recommendation, 2000 (No. 191)

The ILO social security standards build on the idea that there is no unique model for social security systems, only common fundamental principles. Convention No. 102 prescribes that social security systems should reflect national cultural and historical values, be built in a progressive manner and in a way that is consistent with national economic and social development plans and be coherent with the national institutional capacities. Convention No. 102 can be applied through the establishment of contributory (social insurance) or non-contributory (tax funded), mandatory or voluntary, universal or targeted schemes. The Convention also specifies that the State is responsible for the provision of the benefits allowed by law and the proper administration of the institutions and services, through appropriate implementation and enforcement mechanisms and regular actuarial reviews.

Additionally, Convention No. 102 advocates for a tripartite administration that relies on the participation of employers and beneficiaries in the decision-making, supervision and administration of a social security system. Importantly, Convention No. 102 also prescribes a right of appeal in case of refusal of a benefit or complaint as to its quality or quantity. Equality of treatment between nationals and non-nationals under existing schemes is also a fundamental principle.

Convention No. 102 further recommends that the costs be covered collectively by employers and/or employees' contributions and/or tax resources. The level of benefits should be guaranteed and predetermined and adjusted to the cost of living, and payment should be made in a periodical manner. Suspension of entitlements should be restricted to only certain cases clearly stated by law.

In addition to reinforcing and specifying the rules stated in Convention No. 102, Recommendation No. 202 introduces principles as well as the universality of social security coverage. Social security guarantees should be comprehensive and cover all residents. The fundamental principle of non-discrimination is enriched and extended to gender equality in the Recommendation. Implementation of programmes and schemes should respond to special needs and promote social inclusion by covering persons in the informal economy. A similar statement is also included in the ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). Recommendation No. 202 promotes financial, fiscal and economic sustainability, with due regard to social justice and equity, the respect for the rights and dignity of all people and full respect for collective bargaining

⁵ The nine branches of benefits covered by ILO Convention No. 102 are medical care, family, sickness, maternity, unemployment, working injury, old-age, survivor's and invalidity.

and freedom of association for all workers. It also calls for high-quality public services that enhance the delivery of a social security system.

M1.1.c Presentation: Strategies for the extension of social protection and for establishing a social protection floor

What are the two dimensions of social security extension and a nationally defined social protection floor?

“Extension of social security” means to expand coverage to those who are not covered – usually called the “horizontal” extension of coverage – and at the same time, increase the level of protection for those who already have access to such protection – or the “vertical” extension of coverage (tip box 1.1).

Tip box 1.1
The two dimensions of social protection extension

The social security staircase describes the situation in terms of social protection in a given country. The horizontal axis represents the population of the country, which includes three categories: the poor, the rest of the informal and the formal economies. The vertical axis represents the level of protection. For most countries in Asia, formal sector workers (civil servants and private sector employees) have access to certain levels of protection; this is symbolized by a bar that is relatively high for this category of the population. The rest of the population, composed of informal economy workers (among them, the poorest segments), usually does not have much social protection. The bars that symbolize their level of protection would be low or non-existent.

A guarantee for all
All residents should enjoy at least a minimum level of social security
Countries should establish social protection floors as fundamental element of their social security system

Higher level of social protection

Level of protection

Nationally defined social protection floor

Poor “Missing middle” Formal sector

For a long time, social security was mainly available for formal sector workers, through contributory and mandatory schemes. The ILO and others had assumed that over time the informal economy would shrink and that more and more people would access formal jobs and thereby social security coverage. This has not been the case, however. Instead of shrinking, the informal economy has continued to grow. A new strategy was deemed necessary to expand social security coverage to all people uncovered.

A discussion on social security took place at the International Labour Conference in 2001, which generated the report *Social Security: A New Consensus*. That report recommends exploring new paths to expand social security coverage, such as through micro-insurance schemes, social assistance, social insurance adapted for informal economy workers and so on. Over the past decade, a number of countries developed various approaches and implemented scattered programmes that cover some portion of their informal economy workers but still leave the great majority without any protection. The horizontal coverage is far from being complete, and significant coverage gaps remain. Only a few Asian countries, such as Thailand, have established universal schemes that cover the whole population for certain contingencies.

According to the social protection floors' concept, countries should guarantee a minimum set of social security benefits to all of their population (this is the horizontal dimension). Social protection floors are not a ceiling, which means that once they have been established, countries should also work towards the provision of higher levels of benefits to more and more people (this is the vertical dimension).

This strategy was also endorsed at the global level with the adoption at the International Labour Conference in June 2012 of the Social Protection Floors Recommendation, 2012 (No. 202).

Social protection floors should comprise at least the following basic social security guarantees:

- i. access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;
- ii. basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- iii. basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
- iv. basic income security, at least at a nationally defined minimum level, for older persons.

There is no one-size-fits-all approach in designing and operating a national floor of social protection; each country should decide how to make it happen through targeted or universal schemes, contributory or non-contributory approaches and so on. This is why the Recommendation refers to “nationally defined floors” or “floors” of social protection.

M1.1.d Presentation: Unemployment protection as part of a comprehensive social security system

To what extent is social protection linked with employment and economic growth?

In the past, access to social security was the privilege of formal economy workers; being a salaried worker under labour laws guaranteed access to existing mandatory social security coverage. It was assumed that by formalizing the economy, more and more people would have access to social security.

The social protection floor introduces the idea that all residents (irrespective of the type of contract or occupation as well as people outside the labour market) are entitled to social security. The social protection floor offers universal coverage and delinks access to social security from the condition of being formally employed. At the same time, the social protection floor creates links with employment by increasing beneficiaries' employability and capacities to access better jobs.

Social transfers contribute – through their direct poverty-reduction effect – towards increasing households' consumption and therefore their demand for goods and services, which impacts the development of the domestic market. Access to social services, such as health care, education, skills and nutrition, contributes to an increase in individuals' employability and productivity. Social transfers, in some cases, may be used to buy productive assets that contribute towards expanding households' physical capital. All these effects positively impact the development of an economy,

which then translates into increased fiscal space for social protection. It is assumed that investing today in social protection will reap dividends in a few years' time through the positive economic effects of this investment.

What role does unemployment protection have in a comprehensive social security system?

The third objective of a social protection floor is “helping vulnerable groups to develop their individual capabilities so that they can progressively access decent jobs with more sustainable and higher levels of income and social protection”.⁶

Unemployment protection, which consists of compensation for the loss of earnings and employment support for people who are without a job or are looking for a more decent, remunerative and productive job, is therefore a part of a nationally defined social protection floor and a comprehensive social security system (tip box 1.2). It is one of the nine branches covered by the Social Security (Minimum Standards) Convention, 1952 (No. 102). To prevent duplication and to promote complementarity of benefits among combined family support packages and throughout the life cycle, it is important to link unemployment protection measures with other social protection programmes.

When developing national social protection schemes, the link between income security and employment policies is fundamental to “enable people to find productive and decent jobs, avoiding long-term dependency and encouraging labour market participation”.⁷

Unemployment protection measures for both formal and informal economy workers will have a twofold impact on poverty reduction: (i) immediate protection for people who lose their earnings; and (ii) a long-term response to poverty by enabling vulnerable people to access more decent and productive employment.

Examples of policies and programmes:

- i. Income support benefits: unemployment insurance, minimum income guarantee schemes or cash-for-work programmes.
- ii. Employability and skills development programmes: education and training initiatives, apprenticeships, public employment programmes, community services and/or support to entrepreneurship.

⁶ See ILO Social Protection Floors Recommendation, 2012 (No. 202).

⁷ M. Bachelet: *Social protection floor for a fair and inclusive globalization* (Geneva, ILO, 2011).

Tip box 1.2

Unemployment protection: A key element of a national social protection floor

The importance of a comprehensive social protection system that builds on a national social protection floor lies in its ability to: (i) guarantee minimum livelihoods and income security; (ii) to promote social mobility by enhancing capacities and employability; and (iii) to provide an enabling environment (by developing skills) for the diversification of economic potential.

Unemployment protection aims not only at providing income compensation for job loss (using schemes, such as unemployment insurance and/or minimum income guarantee) but also at facilitating return to work by relying on employment promotion programmes, including employment-intensive programmes, skills development and entrepreneurship-support measures. Such active labour market policies could either complement the social protection floor or be fully integrated into its design, according to a country's institutional features.

The backbone of this approach is to promote a more effective coordination and integration of the delivery of social security and employment promotion programmes.



A three-dimensional strategy is one of the most effective and efficient combination to:

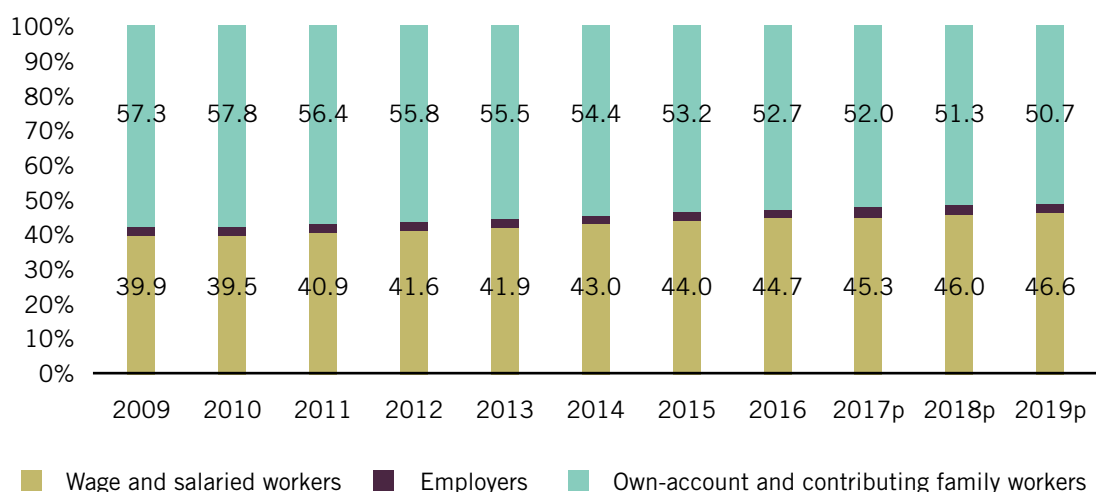
1. **protect the unemployed and their families** against poverty and deal with the economically adverse effect of a crisis
2. **facilitate return to employment** as soon as possible (stabilizing the employment)
3. **upgrade skills and capabilities** for better employability in a changing labour market (adapting to changing economies)

Session M1.2: The social protection situation and challenges to protect unemployed workers in ASEAN countries: An overview of the labour market situation in the region

M1.2.a Presentation: Employment and unemployment trends in the ASEAN region

South-East Asian economies rebounded remarkably in 2010 (from the global financial and economic crises), but their growth rates have continuously decelerated since 2012, to reach an estimated growth of gross domestic product (GDP) of less than 5 per cent in 2016.⁸ The deceleration, however, has not impacted the unemployment rate, which was estimated at 4.3 per cent for 2016,⁹ and employment grew on average by 1.4 per cent per annum between 2011 and 2015.¹⁰ Low unemployment rates came at the cost of persistent vulnerable employment, comprising own-account workers and contributing unpaid family workers. The proportion of wage and salary workers in the ASEAN region has been growing slowly at the expense of contributing family workers and, to a lesser extent, own-account workers (figure 1.1). More recent estimates show that as many as 52.7 per cent of the ASEAN workforce are in vulnerable employment.¹¹ According to that same study, an estimated 92 million people in the ASEAN region do not earn sufficiently to escape poverty.

Figure 1.1: Share of employment by status in the ASEAN region, 2009–19, projected



Source: ILO: "World employment and social outlook: Trends for Women 2017 – Supporting data sets" (2017).

The aggregated vulnerable employment rate also hides disparities between the sexes and between age groups. For instance, women in the region face a greater chance to be vulnerably unemployed than men, at around 57.1 per cent for women, compared with 49.3 per cent for men (2016 estimates).

The unemployment rate among youth remains a major challenge, with a rate five times higher than for adults (estimated at 11.7 per cent in 2016, with a decrease by 0.7 per cent, compared with the

⁸ IMF: World Economic Outlook Database (April 2016), <https://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx> [accessed 9 Jan. 2017].

⁹ ILO: "World employment and social outlook: Trends 2016 – Supporting data sets" (2016), http://www.ilo.org/global/about-the-ilo/multimedia/maps-and-charts/WCMS_442905/lang-en/index.htm [accessed 9 Jan. 2017].

¹⁰ ILO: "Statistical report of the Decent Work Decade 2006-2015: Asia-Pacific and the Arab States" (2016), http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_534136.pdf [accessed 9 Jan. 2017].

¹¹ ILO: "World Employment and Social Outlook: Trends for Women 2017" (2017).

2014 level).¹² In addition, the total unemployment rate may hide persistent inequalities between national and non-nationals in terms of access to the labour market. In some ASEAN countries, migrant workers are bound by immigration and employment laws to leave the country when they lose their job, thus the portion of unemployed workers does not grow when the economy slows down.

M1.2.b Presentation: Opportunities and challenges to extend unemployment protection in the ASEAN region

For unemployment protection, long-term solutions require sustainable employment-generating policies. Nevertheless, there is still a need for immediate responses that will alleviate the financial consequences of lost earnings and help prevent workers and their families from falling into poverty.

Among the ASEAN countries, only Thailand (in 2004) and Viet Nam (in 2009) have established unemployment insurance schemes. Countries like Malaysia, Myanmar and the Lao People's Democratic Republic have included unemployment insurance benefits either in their socio-economic development plan or their social security law reform.

For many countries in the ASEAN region, however, self-employed or own-account workers and contributing unpaid family workers, as well as most wage earners who work in small and medium-sized enterprises, represent a majority of employment. In these countries, unemployment insurance schemes would only protect a limited portion of the labour force because these groups are still excluded from the application of social security laws. An estimated 33.4 per cent of unemployed workers in Thailand and 8.4 per cent in Viet Nam, for instance, received unemployment insurance benefits in 2012.¹³ Therefore, innovative measures to tackle the needs of unemployed and underemployed workers, particularly for vulnerable workers, are required in ASEAN countries.

Several countries, such as Cambodia and Indonesia, developed public employment programmes, but these measures are ad hoc, scattered and insufficiently linked with initiatives to increase the employability of the working poor. Although most ASEAN countries are equipped with employment services, their network of offices is often limited, labour market information is not always up to date, services and information are incomplete and the human resources are not sufficiently trained.

When conducting their social protection assessment-based national dialogue, Indonesia, the Lao People's Democratic Republic, Myanmar, the Philippines and Thailand, with their scattered social protection policies, emphasized the need for increased integration and coordination of policies and improved delivery mechanisms that will enable reaching vulnerable workers. Efforts to improve coordination and reaching out to the poor and vulnerable are at the core of Cambodia's National Social Protection Strategy for the Poor and Vulnerable.

In Viet Nam, the low performance of the unemployment insurance scheme to help beneficiaries return to employment has raised concerns among the Government and social partners. As a response, the Government, in its reform of the Social Insurance Law and the draft Employment Law, now emphasizes linking employment support and skills development measures with compensation for loss of income. This linking should help the insured unemployed and vulnerable workers to more effectively find employment.

The adoption of the Declaration on Strengthening Social Protection by the ten ASEAN leaders (in October 2013 in Brunei Darussalam) reaffirmed Member States' commitment to build an ASEAN Community that is socially responsible and people-oriented. This will be achieved by fostering social protection floors in the region. The Declaration is closely aligned with the guiding principles prescribed by ILO Convention No. 102 and Recommendation No. 202.

¹² ILO Stat: www.ilo.org/ilostat, ILO modelled estimates, 2016 [accessed 6 June 2017].

¹³ ILO: *Social security enquiry* (Geneva, 2014).

Session M1.3: Interactive learning and knowledge fair: Who wants to be a “protectionnaire”?



This session entails a game quiz called Who wants to be a “protectionnaire”?

Objective: The quiz aims at increasing people’s understanding of social protection concepts and the social protection situation in the region.

Exercise: Participants are divided into five groups (or fewer, depending on the number of participants, and different from the introduction groups), with a mix of countries and backgrounds. Each group takes on one case study relating to the fictitious country of Coresia in order to explore the introduction of unemployment benefits and employment support measures. It is desirable to have five to six people per group.

The questions are designed on the social protection systems and unemployment protection measures in the participating countries. Each group starts the quiz with no points. Points are added or deducted for correct and wrong answers, respectively. At the end of the quiz, the points for each group are calculated and converted into “budget money”. The money is allotted to groups for designing and implementing social protection options in later modules. The budget for all the teams is recorded in the “budget table” and pinned to a board for future reference.

The quiz has four rounds. A total of 20 questions are asked, with one question to each group per round. In each round, a group nominates a representative who selects a question number. The representative asks the corresponding question to the group members, who discuss and select an answer from the options within a time limit of 60 seconds. There are special questions, such as joker (full points but no question) or jackpot (bonus points for answering the question correctly).

Material: Questions of Who wants to be a “protectionnaire”? are available in Handout 1-1.



▲ Training course on unemployment protection, 7-16 October 2013, Bangkok, Thailand.

Handout 1-1: List of proposed questions to be used during the exercise

Who wants to be a “protectionnaire”?

1. What percentage of the labour force in ASEAN was engaged in vulnerable employment in 2012?
 - a) 54 per cent
 - b) 71 per cent
 - c) 62 per cent
 - d) **59 per cent**
2. Which of the following data are required to estimate the cost of implementing unemployment protection schemes?
 - a) Number of economically active people in a country
 - b) Labour productivity
 - c) Consumer price inflation
 - d) **All of the above**
3. According to the ILO “Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)”, what is the minimum level at which the unemployment benefit payment can be fixed?
 - a) 25 per cent (contributory system) and 25 per cent (non-contributory)
 - b) 40 per cent (contributory system) and 40 per cent (non-contributory)
 - c) 60 per cent (contributory system) and 40 per cent (non-contributory)
 - d) **50 per cent (contributory system) and 50 per cent (non-contributory)**
4. Which of the following is a characteristic of the social protection floor? (choose all correct options)
 - a) Basic minimum wage for all
 - b) Income security for all, at least at the poverty line
 - c) **Access to essential health care**
 - d) **Basic income security for all, at a nationally defined level**
5. KPIs are used to monitor whether a social security system achieves its targets (of coverage, effectiveness, administrative costs, etc.) What does KPI stand for?
 - a) Key programmes for investments
 - b) Key performance indicators
 - c) Key parameters for improvements
 - b) **Key programme inputs**
6. Which of the following provisions is NOT part of the 1AZAM programme in Malaysia?
 - a) Job matching and placement
 - b) Support for agricultural businesses
 - c) **Cash transfer, conditional on school enrolment**
 - d) Insurance for death and critical illnesses
7. Which of the following is NOT a feature of severance payments?
 - a) They provide financial assistance to terminating employees.
 - b) They acknowledge the tenure of service.
 - c) They are paid even if the terminating employee immediately finds work.
 - d) **They are guaranteed even if the enterprise goes bankrupt.**
8. What is the ILO definition of vulnerable employment?
 - a) Workers who do not have social protection
 - b) **Workers engaged in own-account work and unpaid contributory family workers**
 - c) Workers who do not work full time
 - d) Workers in agriculture

9. Which of the following features of the social security organization's package for informal economy workers could be flagged as a design gap?
- It has a yearly contribution.**
 - Government subsidizes part of the contribution.
 - The social security organization works with non-governmental organizations to collect contributions.
10. According to the ILO-International Social Security Association's publication *Actuarial Practice in Social Security*, administrative costs for an unemployment insurance scheme may be assumed at what percentage of the benefit costs (subject to national contexts)?
- 4 per cent
 - 6 per cent**
 - 8 per cent
 - 10 per cent
11. Which of the following benefits is not provided to private sector employees in Indonesia under the BPJS employment social insurance scheme?
- Employment injury insurance
 - Death benefits
 - Unemployment benefits**
 - Provident fund pension
12. What was the percentage of older persons (older than 60 years) receiving an old-age pension in ASEAN in 2013?
- 29 per cent**
 - 15 per cent
 - 43 per cent
 - 8 per cent
13. Which country has a contribution rate of 6.4 per cent for the unemployment insurance scheme (from employers and workers)?
- Canada
 - Thailand
 - Japan
 - France**
14. In which year did the ASEAN Member States adopt the Declaration on Strengthening Social Protection?
- 1999
 - 2006
 - 2012
 - 2013**
15. Which of the following CANNOT be a "just cause" for terminating employment and collecting unemployment benefits?
- Health is adversely affected by the work environment.
 - The employee does not like the work.**
 - Travelling to the workplace is difficult and time-consuming.
 - Conditions in the contract letter are not honoured.
16. How many countries in ASEAN cover at least six social security risks, as per Convention No. 102?
- Three
 - None
 - Five**
 - Eight
17. In which of the following countries are part-time, temporary and seasonal workers included in the unemployment insurance scheme?
- China
 - Japan
 - Canada**
 - Republic of Korea
18. Which of the following contingencies is covered by ILO Convention No. 168?
- Full unemployment
 - Partial unemployment or temporary reduction in work hours
 - Temporary suspension of work without breaking the relationship
 - All of the above**

19. Which of the following is NOT a principle of social security prescribed by Convention No. 102?
- a) Responsibility of the State and State as the ultimate guarantor
 - b) Employers' contributions only**
 - c) Collective financing and risk pooling
 - d) Periodic payment of benefits
20. ADB-ILO report *ASEAN Community 2015: Managing integration for better jobs and shared prosperity* projects the net creation of how many jobs by 2025?
- a) 29 million jobs
 - b) 5 million jobs
 - c) 14 million jobs**
 - d) 23 million jobs

Further reading

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MODULE 2:

The ILO approach to unemployment protection and country experiences

What do ILO standards on unemployment protection prescribe?
How have other countries implemented their unemployment protection schemes?

Objectives of the module

- Familiarize participants with the ILO standards on unemployment protection, primarily the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168).
- Draw lessons from country experiences on implementing unemployment protection schemes.

Estimated duration of the module: 6 hours 15 min.

Content

Session M2.1 (3 hours): The international labour standards on unemployment protection

- M2.1.a Presentation:** Social Security (Minimum Standards) Convention, 1952 (No. 102) and Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168)
- M2.1.b Practice session:** Comparative review of existing national laws and regulations with the principles set out in the ILO standards

Session M2.2 (1 hour): Review of various unemployment and employment insurance schemes and active labour market policy experiences

- M2.2.a Presentation:** Comparative review of unemployment and employment insurance experiences in Asia and worldwide
- M2.2.b Presentation:** The role of labour market policies in protecting unemployed workers

Session M2.3 (2 hours 15 min.): Experiences from ASEAN countries on unemployment insurance, training and entrepreneurship support

- M2.3.a Country experiences:** The development of the unemployment insurance schemes in Thailand and Viet Nam
- M2.3.b Country experiences:** Active labour market programmes in the ASEAN region: The 1 AZAM programme of Malaysia and the National Training Funds of Cambodia

Checklist of questions that are answered through the module

- ✓ What are the ILO standards on unemployment protection?
- ✓ What are the provisions in the international labour standards?
- ✓ What role do the standards have when designing unemployment protection laws and schemes?
- ✓ How can the incorporating of the ILO standards into existing laws and regulations in a country be ensured?
- ✓ How have different countries developed their unemployment and employment insurance schemes and measures for informal and rural economy workers?

Training methods: Presentations, video group exercises and comparing the selected national unemployment insurance and employment promotion laws with Conventions No. 102 and No. 168.

Material to be distributed to participants (attached to the module): Text of the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168), the Social Protection Floors Recommendation, 2012 (No. 202), the 2013 ILO publication: Comparative Review of Unemployment and Employment Insurance Experiences in Asia and Worldwide, national unemployment insurance and employment promotion laws and the glossary of terms.

Physical media required: Writing paper and pens, chart paper, coloured cards, coloured pens, board to pin up chart papers, white board, markers, laptops, LCD projector and sound system.

Challenges: The standards aim to set a minimum level of entitlements to be guaranteed to people in a country and represent useful guidelines for designing unemployment protection measures. National governments are encouraged to plan the development of an unemployment insurance scheme by adapting it to the national context and the socio-economic situation in their country.

Session M2.1: The international labour standards on unemployment protection

This session aims to provide an overview of the ILO standards on unemployment protection. It also encourages participants and users of the guide to check if the principles and provisions in the standards are encompassed within their country's national laws and regulations. This is done through a comparative review of selected unemployment insurance and employment promotion laws with the provisions in Conventions No. 102 and No. 168.

M2.1.a Presentation: Social Security (Minimum Standards) Convention, 1952 (No. 102) and Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168)

The ILO international labour standards: A brief overview

Since its creation in 1919, the International Labour Organization (ILO) has established a series of international labour standards (Conventions and Recommendations) as part of its mandate to help govern globalization, promote sustainable development, eradicate poverty and ensure that people can work with dignity and safety. These standards have grown into a comprehensive system of instruments that provide basic principles and rights at work, such as social security but also employment policies and employment promotion.

The ILO standards are drawn up by the organization's tripartite constituents (representatives of government, employers and workers). Unlike Recommendations, which serve as non-binding guidelines, Conventions are legally binding international treaties that are ratified by member States.

When a member State ratifies a Convention, it thus commits to apply the treaty's provisions into the national laws and practices and to report on this application at regular intervals. All the international labour standards are backed by a supervisory system designed to ensure that countries implement the Conventions they ratify. An independent Committee of Experts on the Application of Conventions and Recommendations is responsible for providing an impartial and technical evaluation of the status of the international labour standards.

Promoting full productive employment to give effect to the human right to work

The international labour standards recognize the need for economic growth to create and promote all forms of full, productive and freely chosen employment and that priority should be given to employment promotion not only by employment policies but also by social security policies. This was recognized by the ILO with the Unemployment Convention (No. 2) in 1919, followed by the Employment Policy Convention (No. 122) in 1964 and the Employment Promotion and Protection Against Unemployment Convention (No. 168) in 1988. And it is in line with the right to work stated in the Universal Declaration of Human Rights of 1948: "Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment."

The ILO standards related to unemployment protection and employment protection

The social security-related standards serve as reference for the elaboration of national social protection strategies, the development and improvement of social security systems, the design of schemes, the establishment of sound administrative structures and the implementation of effective enforcement and compliance mechanisms.

The Social Security (Minimum Standards) Convention (No. 102) is the ILO's flagship Convention on social security. It covers nine branches of social security. Convention No. 102 includes a specific chapter (Chapter IV) on unemployment benefits and lays out the minimum configuration for this branch, in particular the methods, criteria and levels of unemployment benefits to be provided (see

Module V).¹⁴ Convention No. 168 on employment promotion and unemployment protection and its Recommendation No. 176 capture the new thinking that looks beyond the social security system to the external socio-economic environment in which social security interacts with the labour market, human resources development and the economy at large.

Convention No. 168 and Recommendation No. 176 set advanced standards for unemployment protection systems, and they introduce provisions for employment promotion that emphasize the importance of coordination between social security and employment policy. Employment policies and unemployment protection must from now on be seen in a dynamic, dialectical relationship. The guidelines and principles of Convention No. 102 that refer to any social security system also apply to unemployment benefits.

Unemployment protection and employment promotion became a priority after the 1972 economic crisis. The underlying idea was that economic growth is the best solution for unemployment because it leads to the creation and promotion of jobs. As a consequence, Convention No. 168 has a dual objective of promoting employment and providing protection to workers against unemployment. Social security measures are seen as a means to achieve these objectives. It is also necessary to have coordination and consolidation of employment counselling and income support measures, which serve the ultimate goal of employment promotion.

Thus, the objective of protecting workers and their families against the loss of employment or earnings encompasses a double objective:

- i. provide income security to protect unemployed workers and their families against poverty (through unemployment benefits); and
- ii. increase employability through skills training and retraining, and facilitate the return to employment as soon as possible (through active labour market policies (ALMPs)).

Therefore, in addition to financial support, unemployment protection measures should provide assistance that will help people return to work through career and employment counselling and vocational training, among other efforts. The facilitation of a quick return to work presents the double benefit of keeping the country's workforce active and productive (long periods of unemployment tend to affect workers' productivity when returning to work) and of limiting the expenditures of the unemployment insurance fund.

The ILO approach to unemployment protection covers:

- comprehensive social protection, to provide income security or income replacement;
- periodical and predictable benefits;
- facilitation of active search for work by linking it with other public policies, including employment policies;
- promotion of employment, including ALMPs to support jobseekers and employers; and
- close coordination between unemployment protection and employment promotion policies.

This approach is regarded as providing the best protection in the event of unemployment and/or underemployment because it helps to ensure workers' right to income security and access to a job. In contrast with severance payments, it provides income support even when the employer is insolvent. Also, the social insurance mechanism allows for the pooling of risks and costs across enterprises (small and large), economic sectors (growing and declining), income classes and geographical regions (rich and poor). This is not the case for an individual savings account mechanism.

¹⁴ Prior to Convention No. 102, the ILO had adopted the Unemployment Provision Convention (No. 44) in 1934, which laid out the basic internationally recognized parameters for establishing unemployment benefits, including for persons protected and the type and rate of benefits.

Tip box 2.1

The limitations of individual savings accounts to provide adequate unemployment protection

Unemployment individual savings accounts are usually implemented with the argument that they will address the moral hazard issues associated with social insurance unemployment schemes. Because this approach involves personal savings, workers should have greater incentive to return to work.

However, experiences (such as in Chile) have shown that the individual savings accounts model might not provide sufficient coverage and adequacy of benefits against unemployment risk. Because unemployed workers withdraw funds from a personal account rather than from a common pool of resources, contributions must be high for sufficient savings to compensate the loss of earnings over a period of a few months. Therefore, the benefits prove to be inadequate for those who experience frequent or long spells of unemployment. Temporary workers who are more exposed to the risk of unemployment fall under this category.

For this reason, the individual savings accounts model is usually not conceived as the sole form of unemployment protection. Or it contains additional features, such as social insurance unemployment benefits, often supplemented by government contributions to support workers who do not receive an adequate level of compensation through their savings account. Chile introduced this dual system, with the Fondo Solidario, partially funded by the Government and extended to temporary workers in 2009.

Because the individual savings accounts model is perceived as personal savings, payments are not attached to any conditions for qualifying and continuing to receive benefits. In Chile's model, savings can be withdrawn regardless of the reason causing the termination of employment. When workers think that the savings account does not generate much financial return, they might provoke their own dismissal (and subsequent re-hiring) to access their savings but also leaving workers without protection in the event of job loss. Evidence of this behaviour has been documented in Brazil.

Similar to the severance payments, the individual savings accounts model also limits connection with policies aimed at facilitating return to work, including opportunities for re-training.

According to Holzmann and Vodopivec, "One of the main problems of a pure [the individual savings accounts] system is that it forgoes the redistributive effects available in a system that pools the unemployment risks of the entire working population. Because of the concentration of unemployment among certain groups, UISAs may not provide adequate benefits for temporary workers or those with low income. This creates the problem of providing alternative sources of income for workers with insufficient funds in their accounts."

Source: R. Holzmann and M. Vodopivec: *Reforming severance payment: An international perspective* (Washington DC, World Bank, 2011); A.M. Ferrer and W.C. Riddell: *Unemployment insurance savings accounts in Latin America: Overview and assessment* (Washington DC, World Bank, 2009); R. Barros, C. Corseuil, and M.N. Foguel: *Os Incentivos Adversos e a Focalização dos Programas de Proteção ao Trabalhador no Brasil* (Rio de Janeiro, 2001).

Like many successful and comprehensive unemployment policies, Convention No. 168 broadens not only the range of social security benefits and social services but it also provides consideration for special cases and disadvantaged groups. For example, it covers workers who lost their jobs or who never had any job. In addition, it considers the case of temporary suspension of work and part-time workers who are seeking full-time work – situations that are increasingly common today. It further underlines the need to develop special programmes to promote additional job opportunities and employment assistance for specified categories of often-disadvantaged persons, be it women, young workers, persons with disabilities, older workers, the long-term unemployed, migrant workers and workers affected by structural changes (Article 8).

Promoting the social insurance approach versus individual savings accounts

Among the Association of Southeast Asian Nation (ASEAN) countries that are contemplating the introduction of contributory unemployment insurance schemes, the unemployment individual savings account scheme has gained some popularity over social insurance schemes. The basic premise of the savings account model is that the first line of protection against loss of income is an individual savings account. It is presumed that individuals, by having to draw on their own savings, would be more motivated to avoid unemployment or to quickly return to employment than they would under a traditional unemployment insurance system. In short, it reduces the “moral hazard” problem common with social insurance schemes.

This concept has two immediate consequences: first, the savings or contribution rate for unemployment individual savings accounts must be set at a sufficiently high level to build enough savings to compensate for the loss of earnings; and second, additional protection will be needed to provide replacement income for unemployed workers whose work patterns prevent them from accumulating much, if any, savings.

Thus, a proposal relying mainly on the unemployment individual savings scheme is generally viewed as less beneficial for the intended purpose because it provides limited protection to unemployed workers, in particular low-income, short-term and temporary workers.¹⁵ In addition to insufficient coverage and protection, the unemployment individual savings scheme disadvantages the poor by reducing the redistribution of wealth. Ultimately, it calls upon a government’s resources to provide protection to those disqualified and/or not receiving sufficient protection under the scheme. As well, promotion of the unemployment individual savings account model would not be compatible with two fundamental principles of any social security scheme (risk sharing and collective financing, and predictability of benefits) that Convention No. 102 recommends.

Contingency covered

The ILO Conventions define the contingency of unemployment as the suspension or loss of earnings due to the inability to obtain suitable employment in case of a protected person who is capable of and available for work. Convention No. 168 mentions that the person must be seeking work. While Convention No. 102 focuses on full unemployment, Convention No. 168 covers the following types of unemployment and underemployment:

- full unemployment;
- partial unemployment leading to loss of earning income;
- temporary suspension of work without any break in the employment relationship, leading to a suspension or reduction in earning income; and
- part-time workers who are seeking full-time work.

Convention No. 168 also provides for benefits to be given to certain categories of jobseekers, such as people who have never been unemployed, who are no longer recognized as unemployed and those who are no longer covered by schemes for unemployed workers.

Protection against unemployment and the provision of unemployment benefits should contribute to the promotion of full, productive and freely chosen employment.

Protected persons

Convention No. 102 recommends including all classes of employees among the protected persons but not less than 50 per cent of all employees; or all residents whose means during the contingency do not exceed certain limits. Convention No. 168 raises the threshold to not less than 85 per cent of

¹⁵ M. Feldstein and D. Altman: *Unemployment insurance savings accounts*, Working Paper No.6860 (Cambridge, National Bureau of Economic Research, 1998); M. Vodopivec: *How viable are unemployment insurance savings accounts: Simulation results for Slovenia* (Bonn, IZA and World Bank, 2008).

all employees, including public employees and apprentices; or all residents whose resources during the contingency do not exceed prescribed limits.

Recommendation No. 176 encourages States to progressively extend the legislation on unemployment benefits to cover all employees. Recommendation No. 176 also contains provisions for the protection of partial unemployment, protection of workers experiencing hardship during a waiting period, new applicants for employment, seasonal workers and part-time workers.

Level of benefits

Unemployment benefits must be paid periodically. Convention No. 102 sets a minimum threshold amount of the benefit at 45 per cent of the reference wage for full unemployment. Pursuant to Convention No. 168, the benefit rate should amount to at least 50 per cent of the reference wage in case of full unemployment or temporary suspension of work. For countries that have temporary exceptions due to limited social and financial capacities, Convention No. 168 allows for a minimum benefit rate of 45 per cent of the reference wage.

Foremost, the benefits should not discourage employers and workers from engaging in productive job opportunities.

Qualifying conditions

A protected person may be entitled to unemployment benefits after satisfying a certain qualifying period. The qualifying period must not be more than the duration considered necessary to preclude abuse.

A waiting period may be prescribed, but it is not to exceed seven days after suspension of earning income. Convention No. 168 allows for a waiting period of ten days in countries that have temporary exceptions due to their socio-economic context. Both the qualifying and waiting periods must be suited to seasonal workers and their occupational circumstances.

Duration of benefits

Unemployment benefits must be provided throughout the contingency. Under Convention No. 102, the duration may be limited to 13 weeks within a period of 12 months (if classes of employees are protected) or 26 weeks within a period of 12 months (residents are protected). Under Convention No. 168, the initial duration of benefits may be limited to 26 weeks in each spell of unemployment or 39 weeks over 24 months. Convention No. 168 also allows States with temporary exceptions to provide benefits for 13 weeks over any period of 12 months.

If full unemployment subsists for longer than this initial duration, Convention No. 168 provides for the benefits to be paid for a subsequent period. The benefit rate during the subsequent period may be fixed according to the resources available to the beneficiaries and their families.

Suspension of benefits

Convention No. 168 allows for withdrawal, suspension or reduction in unemployment benefits under certain conditions. One of these is the receipt of severance pay from the employer or another source. Benefits also can be suspended if the person does not accept suitable employment that has been offered by the unemployment benefits service. The suitability of employment is usually based on the person's age, length of service in the previous occupation, work experience, length of unemployment period and labour market conditions. Recommendation No. 176 has further provisions related to the suitability of employment, such as a change of occupation or work area that renders the qualifications and experience of the person irrelevant.

M2.1.b Practice session: Comparative review of existing national laws and regulations with the principles set out in the ILO standards



Objective: The exercise focuses on comparing existing national laws and regulations on unemployment insurance and employment promotion with the ILO standards and identify minimum parameters to ensure that the legal framework complies at least with the ILO minimum standards. This exercise can help to determine, in a quick and easy manner, if national laws and regulations are comprehensive and embody the main principles of the ILO standards on unemployment.

Participants are encouraged to bring with them for this session a copy of their country's laws on unemployment insurance and protection. If participants are from countries that have no unemployment and employment insurance schemes yet, the exercise can be done using the laws of another country.

Exercise: Participants are to first complete the matrix (Handout 2-1) for comparing national legislation with Convention No. 102 and Convention No. 168 by identifying the provisions of the national legislation that refer to the following categories and by mentioning the reference to the article or section of the national law on:

- contingency;
- coverage;
- methods of protection;
- financing;
- benefit type (unemployment cash benefits but also employment services, vocational training, vocational guidance, extension of social health insurance coverage, etc.);
- level of benefit;
- duration of benefit;
- qualifying conditions;
- waiting period;
- suspension of benefit;
- administration and responsibility for overall operations, including coordination between unemployment protection and employment policy; and
- right to access complaint and appeal mechanisms.

Then participants are to discuss among their respective groups the variance between the national law and the Conventions' provisions.

Material: Handout 2-1

Time frame: 1 hour and 30 min. for group discussion. The exercise does not necessarily require a plenary presentation.

Session M2.2: Review of various unemployment and employment insurance schemes and active labour markets policy experiences

M2.2.a Presentation: Comparative review of unemployment and employment insurance experiences in Asia and worldwide

Currently, there are about 72 countries worldwide that provide unemployment benefits of some kind.¹⁶ A comparative review conducted by the ILO/Japan Project, Promoting and Building Social Protection in ASEAN, in 2012 included 14 unemployment and employment insurance schemes: in North America (Canada and the United States); in South America (Argentina and Chile); in Europe (Denmark, France and Germany); in the Middle East (Bahrain); in Asia (China, Japan, Mongolia, the Republic of Korea, Thailand and Viet Nam).

Canada, the Republic of Korea and Japan use the term “employment insurance” because it provides a more proactive name to their scheme. Although under an employment insurance scheme more emphasis may be put on employment support programmes, the fundamental principles that apply to the design and implementation of unemployment benefits remain the same.

Many countries, including the 14 countries cited above, implemented their unemployment insurance scheme immediately after or as a direct consequence of the devastating effects of a recessionary period.

Coverage

In all 14 countries reviewed, salaried workers in the private sectors are traditionally those covered by the unemployment insurance scheme. Some countries have extended coverage to self-employed and certain categories of workers on a voluntary basis. In Argentina, Chile, Denmark, the Republic of Korea and Thailand, government employees are excluded. Although migrant workers are legally covered under almost all the schemes, due to the requirement to be present in the country to report periodically to the employment services, they rarely enjoy their unemployment insurance benefits, unless paid as a lump sum upon departure from the country. With the exception of Canada, Denmark, France and Germany, domestic workers are not covered. Workers with low earnings are also excluded in Germany, Japan and the Republic of Korea, as well as part-time, temporary or seasonal workers in China, Japan, the Republic of Korea and Viet Nam.

Qualifying conditions

Two conditions applied for qualification to unemployment insurance benefits in the 14 schemes that were reviewed: first, the previous insured employment and contributions required to qualify; and second, the reason for contract termination, such as whether it was involuntary or voluntary. Countries usually require either six or 12 months of contribution to qualify. The unemployment insurance schemes in Chile and Viet Nam (under the individual savings component) allow similar treatment to people who voluntarily quit their job. However, a better approach to deal with voluntary resignation is probably either to extend the waiting period (Denmark, France, Germany and Japan) or offer reduced benefits (Thailand).

Duration of benefit

There are many approaches to set the maximum benefit duration, depending on a country's circumstances, on the structure of unemployment, on potential re-employment opportunities and even on current events. There does not seem to be an optimal formula from an actuarial perspective, except to state that considerations of adequacy and cost will inevitably have to be balanced. Few countries pay more than 12 months of unemployment insurance benefits. When they do, it is

¹⁶ ILO: *Social security and the rule of law*, International Labour Conference, 100th Session (Geneva, 2011).

usually for claimants with a longer period of work attachment or for unemployed senior workers. Mongolia pays the least amount of unemployment insurance benefits (up to two and half months). Denmark provides for two years of benefits to everyone who qualifies with the required 52 weeks of contributions. Bahrain allows a flat benefit duration, at six months (for at least 12 months of insured employment). China and Viet Nam are unique in placing emphasis on long-term service. In some countries (Argentina, France, Germany, Japan and the Republic of Korea), duration depends not only on previous time worked but also on the age of the jobseeker, with longer duration afforded to older claimants. A number of countries (Canada, Chile, Mongolia, Japan, Thailand and the United States) also have provisions for prolonged unemployment insurance benefits in times of high unemployment or due to an economic crisis, natural calamity or disaster. Finally, Canada, France, Germany, Japan and the United States allow unemployment insurance beneficiaries to continue receiving partial or full unemployment benefits while engaging in part-time work.

Benefit rate

The more common frequent benefit rate in the reviewed schemes ranged from 50 per cent to 60 per cent of previous contributory earnings. This was seen in Argentina (for the first four benefit months), Bahrain, Canada, Chile (though only for the first month), Germany (at the standard rate), the Republic of Korea, Thailand (for involuntary job loss), the United States and Viet Nam. Germany provides a more generous rate of 67 per cent for persons with one or more child dependants, while France and Japan have even higher rates for jobseekers with formerly low incomes (up to 75 per cent and 80 per cent, respectively). Denmark's unemployment insurance scheme stands as the most generous, with a 90 per cent benefit rate.

Financing unemployment benefits

Financing arrangements include employers' contributions in all but one of the 14 countries covered by the review (Denmark), and they also include workers' contributions in all but one country (the United States, except three states). Governments contribute on a regular basis in four countries (Bahrain, Thailand, Viet Nam and, to a lesser extent, Chile) and on an emergency basis in four others (Argentina, China, Germany and the United States).

Measuring performance

When it comes to measuring the performance of the unemployment and employment insurance schemes, the share of the informal employment in the labour market inevitably restricts the scope of coverage, especially when considering effective coverage. This is particularly the case in Argentina, China, Thailand and Viet Nam for rural migrant workers. Even in countries where informal employment does not pose a problem, effective coverage of unemployed workers ranges between 40 and 50 per cent. In search of social equity and redistribution of the fruits of growth, most of the 14 countries complement their unemployment insurance benefits with non-contributory schemes that allow vulnerable workers minimum income security, including those who have exhausted their unemployment insurance benefits. Another important indicator of the performance of unemployment and employment insurance schemes is the comparison between the level of unemployment benefits and the national poverty line or legal minimum wage, when it exists. In almost all the reviewed countries, unemployment benefits are set between these two lines.

Link with labour market policies

The reported experiences from the 14 countries show that a combination of unemployment cash benefits and policies to support re-employment is the most effective approach to protect unemployed workers and their families against poverty while helping them to find employment quickly. Most countries link cash payment with active labour market programmes and services to help unemployed workers quickly find and keep permanent work. All 14 countries provide the usual employment services required for effective job search, such as counselling, job fairs, assistance for writing curriculum vitae, labour market information, job database, mobility allowance and so on.

Also, most of the schemes offer different programmes to encourage the insured unemployed workers to upgrade their skills (including business skills), such as vocational training allowances as well as benefit extensions if the training lasts beyond the end of the unemployment insurance benefit period.

Country box 2.1

Linking unemployment insurance benefits with vocational training in Viet Nam

Once workers are approved for receiving unemployment insurance benefits in Viet Nam, they are entitled to a free job-matching service from the Employment Service Center, which will assess their qualification and work experience. If workers who have taken advantage of the free job-matching service still cannot find work, they are eligible to register for vocational training. The unemployment insurance scheme also provides a vocational training allowance (around \$14 per month) for up to six months, even though the training course runs beyond the duration of benefits.

Source: J. Carter, M. Bedard and C. Peyron Bista: *Comparative review of 14 unemployment and employment insurance systems in Asia and worldwide* (Bangkok, ILO, 2013), http://www.ilo.org/asia/whatwedo/publications/WCMS_229985/lang--en/index.htm [accessed 4 Nov. 2016].

Country box 2.2

Employment Insurance System in Japan

Japan's Employment Insurance System is divided between: (i) the Unemployment Benefits Scheme (with contributions from employees and employers), which offers support to the unemployed (income replacement, job counselling, allowance for training); and (ii) the Two Services Scheme (with contributions from employers and the Government), which provides services for employment stability and development of workers' capabilities. Under the first component, a vocational training allowance is available throughout the duration of formalized training, irrespective of how long a person has been receiving unemployment insurance benefits. It also provides for a wide-area job search in which a person who is interested in finding work outside a determined perimeter can receive an additional 90 days of unemployment insurance benefits.

Source: J. Carter, M. Bedard and C. Peyron Bista: *Comparative review of 14 unemployment and employment insurance systems in Asia and worldwide* (Bangkok, ILO, 2013), http://www.ilo.org/asia/whatwedo/publications/WCMS_229985/lang--en/index.htm [accessed 4 Nov. 2016].

Integrated response to unemployment protection

For social equity and redistribution of wealth purposes, it is recommended to complement unemployment insurance benefits with non-contributory schemes that allow a minimum income security among vulnerable workers, including those who have not contributed to or have exhausted their unemployment insurance benefits. In most 14 reviewed countries, there exists some type of non-contributory social assistance scheme to complement support provided by the unemployment insurance scheme. These social assistance schemes are frequently administered by local or regional authorities and financed by general tax revenues.

Tip box 2.2

Conclusions of the comparative review of 14 unemployment and employment insurance schemes



“Varied conclusions could be drawn from the study. One of the main conclusions is that [unemployment insurance and employment insurance] schemes are specific to each country, depending on the circumstances, unemployment features, labour market characteristics, existing provisions and so on. A second conclusion is the need to have a clear idea of what should be achieved by adopting an unemployment insurance scheme, accompanied by a realistic view of the limits of such an instrument. No unemployment insurance scheme, however well designed and even if it is accompanied by ALMPs, can solve the problems of a country. The main objective of an unemployment insurance scheme should be kept as simple and straightforward as possible; namely, to provide temporary and partial income replacement to insured persons who lose their jobs while they seek to obtain new employment.”

Source: J. Carter, M. Bedard and C. Peyron Bista: *Comparative review of 14 unemployment and employment insurance systems in Asia and worldwide* (Bangkok, ILO, 2013), http://www.ilo.org/asia/whatwedo/publications/WCMS_229985/lang--en/index.htm [accessed 4 Nov. 2016].

M2.2.b Presentation: The role of active labour market policies in protecting unemployed workers

Promoting job creation and improving the match between labour supply and demand are part of the constant endeavour of policy-makers. People who have lost their job, new labour market entrants and re-entrants all look for work, as do people who are employed but want a better opportunity. There is a difference between a usual 3 per cent rate of “frictional unemployment”, which is explained by both labour supply and demand, searching for the best match, and “structural unemployment”, which corresponds to a more serious mismatch between the supply and demand of labour.

Tools available to governments range from macroeconomic policy (monetary, fiscal, exchange rate and capital account management); sectoral and industrial policy; and policies that focus on small and medium-sized enterprises and labour market interventions. Although labour market policies, and in particular active ones, have an important role, they are only one possible instrument to influence labour demand and supply as well as the interaction between the two.¹⁷

In the countries of the Organisation for Economic Co-operation and Development (OECD), active labour market policies (ALMPs) are commonly used to complement the provision of unemployment insurance benefits and to facilitate adjustments to economic trends and the labour market. In developing countries, ALMPs are used to support the re-employment of unemployed workers and to promote the transition from informal to formal employment.¹⁸

In the ILO’s Decent Work Agenda, adopted in 1999, ALMPs are defined as government programmes that intervene in the labour market to help people who are unemployed find work.

¹⁷ S. Cazes and S. Verick: *The labour markets of emerging economies: Has growth translated into more and better jobs?* (Geneva, ILO, 2013).

¹⁸ *ibid.*

Objectives of ALMPs are generally threefold:

- i. improve the functioning of the labour market by matching demand and supply;
- ii. encourage decent work, improve employability of people who are unemployed, underemployed, poor or in a vulnerable group; and
- iii. provide goods and services, such as public infrastructure in rural areas.¹⁹

ALMPs are a major component of the social protection floor. The combination of income transfers and activate programmes mutually fosters protection from poverty and opportunities to acquire the human capital that enables access to more decent jobs.

Examples of ALMPs cover a large range of measures, depending on the objective set by policy-makers and the needs of special groups. The most common of these measures:

- public employment services, such as job centres and labour exchanges, that assist people with their job search by disseminating labour market information and providing assistance with interview skills and with writing resumes;
- training and retraining measures, such as classes and apprenticeships, that help people improve their vocational skills and thereby increase their employability;
- support to enterprise creation and self-employment measures;
- public employment and community works programmes; and
- employment subsidies to enterprises to maintain their employees and even hire new jobseekers.

All these measures are found across the ASEAN countries, albeit with some limitations in their effectiveness.²⁰

¹⁹ P. Auer, U. Efendioglu and J. Leschke: *Active labour market policies around the world: Coping with the consequences of globalization* (Geneva, ILO, 2005).

²⁰ Y. Tsikata: *Liberalization and trade performance in South Africa* (Washington, DC, World Bank, 1998), unpublished document, pp. 31-34.

Tip box 2.3 Typology of active labour market policies

Programme	Objectives	Pros	Cons	Issues
Employment services and job search assistance	Main objectives of the public employment service are job matching and to disseminate labour market information; job search assistance often includes short, targeted training	<ul style="list-style-type: none"> ▪ Inexpensive ▪ Gatekeeper role 	<ul style="list-style-type: none"> ▪ Dead weight 	<ul style="list-style-type: none"> ▪ The role of public versus private services ▪ Improvement of effectiveness
Training	Build skills required to compete for jobs – training programmes are often (a little) longer	<ul style="list-style-type: none"> ▪ Improves skills of the workforce 	<ul style="list-style-type: none"> ▪ Not effective when there is a shortage of jobs 	<ul style="list-style-type: none"> ▪ Links with demand side ▪ Cost-effective
Wage subsidies	Compensate firms for taking on low-productive workers	<ul style="list-style-type: none"> ▪ Stepping stone to permanent job 	<ul style="list-style-type: none"> ▪ Displacement ▪ Distorts the hiring decision 	<ul style="list-style-type: none"> ▪ What is the optimum level and duration
Microenterprise development	Create and promote SMEs through technical assistance and credit; counter market failure in the credit market	<ul style="list-style-type: none"> ▪ Clears a practical hurdle (access to credit facilities) 	<ul style="list-style-type: none"> ▪ Distorts competition 	<ul style="list-style-type: none"> ▪ Low take up.
Public works and public sector employment	Public-funded jobs to provide income to poor and vulnerable workers	<ul style="list-style-type: none"> ▪ Often the only option for the most vulnerable people 	<ul style="list-style-type: none"> ▪ Stigma for participants ▪ Competition distortional effects 	<ul style="list-style-type: none"> ▪ Ensure that wage setting leads to self-targeting
Employment through public investments		<ul style="list-style-type: none"> ▪ Produces goods and services the market might not any longer provide 		<ul style="list-style-type: none"> ▪ Cost-effective ▪ Public or private contractors

Source: Adapted from Betcherman et al.: "Active labor market policies: Policy issues for East Asia", The World Bank Social Protection Discussion Paper No. 0005, January (Washington, DC, World Bank, 2000).

ALMPs have direct positive effects on employment, which indirectly contributes towards securing income of people who are unemployed, underemployed or in vulnerable employment.

- i. **Employment promotion:** ALMPs support employment creation directly and indirectly. They do so directly by creating jobs (such as public works programmes, enterprise creation measures, employment subsidies) and indirectly by improving employability (training, providing information on the labour market and job vacancies).
- ii. **Adaptation to changing economies:** With globalization, increased international trade and investments, technological advancement and privatization, labour market changes inevitably take place. In many cases, these changes result in the internal reallocation of labour and lay-offs. ALMPs are an important tool for addressing such effects of structural change, but they should be complemented by macroeconomic policies on economic growth, socially responsible restructuring and enhancement of social security.
- iii. **Incentives to work:** ALMPs are unlike passive policies, which provide an income replacement and may dissuade people from working or looking for work, if they have been unemployed for a long time.
- iv. **Equity:** ALMPs help contribute to equity by focusing on vulnerable target groups, such as youth, older people, people with disabilities, low-skilled workers, women and ethnic minorities.
- v. **Poverty alleviation:** ALMPs create jobs, develop enterprises and provide income support and thereby contribute towards poverty alleviation. The opportunity costs of social transfers that are conditional on work and training are often better perceived than unemployment insurance benefits and social assistance by the public and employers.
- vi. **Infrastructure and public services development:** Indirect spill-over effects include infrastructure creation and services to the community through employment-intensive investment programmes.

Examples of active labour market programmes implemented in developing economies

Labour force surveys in developing countries often reveal a significant underutilization of the available labour. A large share of all people who are employed are either working fewer hours than preferred (time-related underemployment), receiving less wage than deserved or are working in jobs below their skill level (skills-related underemployment). Active labour market programmes can help reduce underemployment and protect workers not earning sufficient income.

The following highlights two examples of active labour market programmes.

The Benazir Income Support Programme in Pakistan

The Government of Pakistan launched the Benazir Income Support Programme in 2008 to cushion the adverse effects of a food crisis and inflation. The programme targets impoverished households, especially in remote areas. Its objectives are to empower these households, improve their living standards and invest in long-term human capital formation, especially among women and children, through education, vocational training and self-employment.

A cash transfer of 1,000 Pakistani rupees (PKR) a month (about \$10) is provided along with an integrated package of services:

- Waseela-e-Haq, which aims to empower women by providing interest-free loans of up to \$3,000 for starting their own businesses.
- Waseela-e-Rozgar, which offers one year of free vocational training to female beneficiaries or their nominees. It aims to make them economically independent through capacity building and professional development.



- ▲ Women in Pakistan receive ILO training in sewing and dress making to build the skills and abilities needed to generate additional income.

- Waseela-e-Sehat, which is a health and life insurance initiative that provides coverage of about \$1,000 in case of death of the breadwinner and up to \$250 per family per year for hospitalization expenses, pregnancy care, day-care treatment and diagnostic tests. It aims to provide access to health care and to reduce the financial burden of marginalized groups.
- Waseela-e-Taleem, which is a co-responsibility cash transfer of \$2 per month per child. In return, families must comply with the co-responsibility of primary school enrolment among children aged 5–12 years and at least 70 per cent attendance. The initiative aims to develop human capital.

The programme's four initiatives are intended as complementary interventions to help families graduate out of poverty. However, a major criticism is that the benefit amounts are too low and must be raised to have any real impact on households. The programme is moving from unconditional cash transfers to “co-responsibility” cash transfers. At present, the provision of non-conditional grants without a clear link to co-responsibilities, such as vocational training, skill development and entrepreneurship, may be creating some dependency on aid while not contributing towards households graduating upwards and out of poverty.

The Benazir Income Support Programme aims to contribute to the social and economic empowerment of women by making them the primary focus of the monthly cash transfers and other benefits, such as insurance, vocational training and microfinance. More than 15 million women have obtained a national identification card through the programme, including around 500,000 women in economically difficult regions. To encourage financial inclusion of beneficiaries, the programme has introduced the Benazir debit card and mobile phone banking.

The Mahatma Gandhi National Rural Employment Guarantee Act in India

The 2005 Mahatma Gandhi National Rural Employment Guarantee Act (NREGA) in India is part of the government policy to alleviate poverty. About 300 million people in the country live in chronic poverty (on less than \$1 per day), with around 73 per cent of them living in rural areas. NREGA targets unemployed adult members of rural households. It covers the most impoverished districts in the country. NREGA has a twofold objective of protecting the natural resources so that residents of these areas can have a sustainable livelihood in the future and providing an additional source of income when residents are unable to find work, especially during lean periods of farming.

A maximum of 100 days of unskilled manual labour per year is provided to each rural household seeking employment, irrespective of the number of able adult workers. The work includes:

- water conservation and harvesting, construction of dams;
- insulation against drought by building irrigation canals;
- soil conservation through afforestation and tree planting;
- land levelling;
- construction and repair of embankments for flood control, drainage of waterlogged areas;
- land development and building of roads to improve rural connectivity; and
- digging of new tanks, ponds, wells and percolation tanks.

The work contributes towards building and strengthening rural infrastructure. Technically skilled people are brought in to design the public works projects, but no contractors or machinery are used.

Wages are paid according to the rate decided by each state, subject to a minimum of 130 Indian rupees (INR) per day (about \$2.20 per day). Rates vary from state to state, based on the consumer price index. To help bring the rural poor into the organized banking sector and credit system, the wages are paid into bank accounts. Pilot projects are being conducted on the use of smart cards and biometric signatures, especially to encourage financial and social inclusion of people in remote villages.

Work is provided within a 5-kilometre radius of a village. If it goes beyond, extra wages of 10 per cent are payable to cover the transportation and living expenses. Child care, drinking water, shaded areas and first-aid for injury are provided at the work site. Compensation of INR25,000 is paid in the event

of death or permanent disability related to the work. Free medical treatment is given in case of injury during the course of work.

NREGA guarantees a minimum income during the period of unemployment. The state government fixes the amount of unemployment allowance, subject to the stipulation that it is not less than one fourth of the minimum wage for the first 30 days and not less than half the minimum wage thereafter. Payment of unemployment allowance was expected to incentivize state governments to offer employment.

Session M2.3: Experiences from ASEAN countries on unemployment insurance, training and entrepreneurship support

The session's learning methodology encourages country presentations by participants. Four country experiences are presented here, though they can be substituted by other participating countries.

M2.3.a Country experiences: The development of the unemployment insurance schemes in Thailand and Viet Nam

Thailand

The Social Security Act, 1990 (section 33) regulates unemployment benefits for private sector employees. The Social Security Office of the Ministry of Labour is responsible for the administration of the scheme, while the fund is managed by a tripartite committee comprising representatives from government, employers and employees who are appointed by the Minister of Labour. In 2012, 24.5 per cent of the labour force was insured for unemployment and other benefits.²¹

Unemployment insurance was first considered in Thailand following the Asian financial crisis that began in 1997. The Government, with ILO support, conducted a feasibility study on an unemployment insurance scheme to inform the social dialogue process that involved employers and workers. In 2000, a tripartite subcommittee for the introduction of unemployment insurance was created and met regularly until reaching a consensus on the modalities of a scheme in 2003. In 2004, a Royal decree for unemployment benefits was enacted.

After fulfilling the required qualifying period (at least six months of employment in the past 15 months), beneficiaries receive 50 per cent of their wages, not exceeding 180 days per instance per year, in case of lay-off. In the event of resignation or the end of a fixed-term contract, workers receive 30 per cent of their wages, not exceeding 90 days per instance per year. In both cases, a waiting period of seven days applies. The unemployment insurance scheme also provides for health care, employment counselling services and skill-development programmes to facilitate returning to work.

To continue receiving benefits, insured persons must report their status to the public employment service provider, be willing to work and participate in training courses. The benefits are suspended in the event that a beneficiary refuses, without a suitable reason, to take up a job or attend training programmes recommended by the employment or training counsellor and if they do not report at the employment service office. The scheme requires coordination among several institutions: the Social Security Office, the Department of Employment, the Department of Skill Development and the Department of Labour Protection and Welfare. The unemployment insurance scheme is financed through a tripartite contribution shared by workers (0.5 per cent of past earnings, with a limit set at 15,000 Thai baht (THB), employers (0.5 per cent) and the Government (0.3 per cent). In 2012, 88,063 unemployed workers received benefits amounting to a total of nearly THB4 billion.

The Skills Development Promotion Act, 2002 provides for training and re-training services. The Department of Skill Development of the Ministry of Labour and the Department of Vocational Education of the Ministry of Education are responsible for administering the Act. Employers are encouraged to establish themselves as training providers and conduct skills development in the workplace. Private sector providers are also encouraged to register their training centres.

Skills development is provided before the commencement of and during employment; unemployed persons are encouraged to attend these skills-development programmes. At the pre-employment stage, it includes formal upper secondary education, second-chance education, apprenticeships, technical and vocational education and training and tertiary education. At the work and re-skilling

²¹ ILO: *Social security inquiry* (Bangkok, 2016).

stage, providers outside formal education schools help workers upgrade their skills and acquire new skills.

Although Thailand has a fairly comprehensive social protection system,²² some policy and implementation gaps persist. According to the report of the assessment-based national dialogue exercise conducted by the United Nations and the Government in 2011–13, the following recommendations would help improve the unemployment insurance and skill-development schemes:

- Income-support measures to increase employability and access to markets are needed. The existing vocational training system needs to reach out to informal economy workers, along with the provision of a poverty allowance.
- A system to measure evasion of the social contribution and reinforce inspection should be developed to help monitor compliance by private sector employers.
- A common database should be developed between unemployment insurance and employment services.



▲ Hotel worker Thailand, as part of the tourism sector, is covered by the unemployment insurance scheme.

Implementing the recommendations to improve vocational training for informal economy workers would contribute towards building the social protection floor in Thailand. Practically, this can be translated through a vocational training programme, with a poverty alleviation component for informal economy workers. This would entail an additional cost of 0.3 per cent of GDP, or 1.3 per cent of government revenues and grants, by 2020.

Viet Nam

The Social Insurance Law in Viet Nam was adopted in 2006 and included a chapter on unemployment insurance. Contribution collections started in 2009, while the first benefit was disbursed in 2010. In 2013, in a reform of the Social Insurance Law, the Government transferred the unemployment insurance provisions to the Law on Employment Promotion, which was adopted the same year.

The reform introduced a number of changes, some of which were discussed with the support of the ILO/Japan Promoting and Building Social Protection in ASEAN Project. Coverage is now extended to all formal employees with at least a three-month contract and who must be registered in the unemployment insurance scheme, regardless of the size of the enterprise. The insurable income was adjusted to reflect the basic salary as well as allowances and bonuses, although it still excludes overtime payment. The level and duration of benefits remained unchanged: the unemployment insurance benefit amounts to 60 per cent of the average monthly salary of the previous six months before unemployment. The benefits are provided for three to 12 months, varying with the duration of contributions. Since 2013, unemployment insurance benefits can only be availed by persons whose contract is terminated by the employer or who have been working under a contract for a determined period, provided they have contributed for at least 12 months within a 24-month period (36-month period for seasonal workers), who are registered at an Employment Service Centre and who have been unemployed for 15 working days. Unemployment insurance beneficiaries continue to be covered by the social health insurance system during the period of insured unemployment.

The Employment Promotion Law adopted in 2013 intends to reinforce links between the unemployment allowance, return-to-work programmes and employment-retention support. In addition to job counselling services and vocational training up to six months, the new law includes reference

²² C. Ong and C. Peyron Bista: *The state of social protection in ASEAN at the dawn of integration* (Bangkok, ILO, 2015).

to training and re-training programmes made available through employers to upgrade workers' qualifications and skills that will maintain their employment.

There were an estimated 10.2 million workers insured to the unemployment insurance scheme in 2015, or about 20 per cent of the total labour force. A total of 527,576 persons submitted a claim for the unemployment insurance allowance. Of them, 526,279 were entitled to the monthly benefit; of them, 57 per cent were women, 24,378 received vocational training and 473,791 persons received employment counselling services.²³

Despite commendable efforts to extend coverage and improve the efficiency of the unemployment insurance scheme, there is still a need for greater coordination among implementing agencies, adequate inspection systems to monitor evasion by employers and workers and improved mechanisms to register complaints and appeals.

There is also a need to design and introduce special support programmes that target:

- long-term unemployed persons;
- first-time jobseekers;
- older workers;
- seasonal workers;
- part-time workers;
- domestic workers;
- farmers and fishermen;
- unpaid family workers;
- self-employed workers; and
- other informal economy workers.

Video 2.1: Unemployment insurance in Viet Nam, an experience to be shared

(<https://www.youtube.com/watch?v=c7WJv1pV8zk>)



²³ Interview with the Bureau of Employment data, Ministry of Labour, Invalids and Social Affairs, Hanoi, 2013.

Tip box 2.4

Comparison of unemployment insurance schemes in Thailand and Viet Nam

	Thailand	Viet Nam
Coverage	All private sector employees All residents	All private sector employees who have a contract of more than 3 months of work Nationals
Amount of benefits	<ul style="list-style-type: none"> 50 per cent (if person left the job involuntarily) 30 per cent (if person left the job voluntarily) 	60 per cent (payable only if left the job involuntarily)
Duration of benefits	<ul style="list-style-type: none"> 6 months (involuntary) 3 months (voluntary) 	Starting from 3 months and up to 12 months
Contribution rate	Employer=0.5 per cent, worker=0.5 per cent, government=0.25 per cent	Employer=1 per cent, worker=1 per cent, government= at most 1 per cent
Qualifying period	Member has paid contributions for 6 months in the past 15 months	Member has paid contributions for 12 months in the last 24 months (36 months for seasonal workers)
Severance pay Link with active labour market policies	Maintained Job counselling and placement	Phased out Job counselling and placement, vocational training up to six months, reskilling programmes

Source: Adapted From Carter, J.; Bedard, M.; Peyron Bista, C. 2013. *Comparative review of 14 unemployment and employment insurance experiences in Asia and worldwide* (Bangkok, ILO).

M2.3.b Country experiences: Active labour market programmes in the ASEAN region: The 1AZAM programme in Malaysia and the National Training Funds of Cambodia

The 1AZAM programme in Malaysia

The Akhiri Zaman Miskin (1AZAM) programme is the flagship initiative of the Government Transformation Programme (2010–20), aimed at raising living standards of low-income households and reducing the poverty rate to 2 per cent in Malaysia, as per the Government's vision to achieve high-income, industrialized status by 2020.

The goal of the 1AZAM programme is to ensure that every person registered gets an opportunity to empower themselves.



▲ Market vendors in Malaysia

The 1AZAM's objectives are:

- provide immediate help to those most in need and eradicate extreme poverty;
- provide counselling support people who are poor or extremely poor so they can become financially self-sufficient;
- train and promote women entrepreneurs; and
- provide housing assistance to low-income households.

The 1AZAM programme provides job placement, training services, entrepreneurial support services, cash transfers for those most in need and insurance and housing facilities for low-income households.

In addition, the 1AZAM programme provides a number of supplementary social services, such as a work voucher scheme to enable beneficiaries to move out of poverty; a programme to teach household management skills; access to bank services (deposits, withdrawals, bill payment, cashless payments) with the support of the Bank Simpanan Nasional. The new phase of the Government Transformation Programme (GTP) (2012–16) included a microcredit initiative targeting the urban poor under AZAM Kerja and an agricultural support initiative under AZAM Tani.

Tip box 2.5

Services of the 1AZAM programme in Malaysia

AZAM KERJA	Counselling for job placement, training support and income-generating activities.
AZAM NIAGA	Support to entrepreneurship through the provision of microcredit ranging between 3,000 and 75,000 ringgit, training and support to set up small business ventures, in particular promotion of women's entrepreneurship.
AZAM KHIDMAT	Support to setting up of small service-oriented businesses through the provision of loans, training and support, particularly by women entrepreneurs.
AZAM TANI	Assistance to set up small, short-term agricultural businesses through the provision of seeds, equipment, machinery, technical training and marketing support.
Insurance programme	Insurance in case of death or critical illness.
Housing programme	Low-cost housing units are offered for sale.

Source: Ministry of Women, Community and Social Welfare, www.kpwkm.gov.my/en/nkra/1azam [accessed 7 Nov. 2013].

The Ministry of Women, Family and Community Development is responsible for implementing the programme. It uses a database known as e-Kasih, which records and monitors poor and vulnerable households. It is managed by the Implementation Coordination Unit of the Prime Minister's Department. The unit, together with ministries, government agencies and NGOs, contributes to the database.

By the end of the first GTP phase (2010–12), 63,147 poor households were registered in the 1AZAM programme, exceeding the target of 57,793 poor households. Under the e-Kasih records, data for 220,741 people, or 90 per cent of registrations, were verified. A total of 3,100 women entrepreneurs were trained, and 4,865 low-cost houses were sold to the current tenants. The number of poor households reduced by 15,868 in 2010 while the number of extremely poor households reduced by 44,535 in 2012.

Based on the experiences from the first phase (2010–12), the programme will seek some improvements, notably in terms of interministerial and stakeholder coordination. The Government established the Raising Living Standards of Low-Income Households as one of the national key results areas under

the GTP. The programme will work more closely with other ministries in charge of implementing the national key results areas of rural development, urban public transport and education. It will involve greater engagement of non-governmental organizations (NGOs), communities and other stakeholders. The database will be simplified, expanded and improved and will be known as Greater e-Kasih. It will seek broader data sources, involving NGOs more closely in providing and updating information. In addition, a mentor programme will recruit volunteers and successful 1AZAM participants to monitor projects in underserved districts.

Under the second phase (2012–16), the programme sought to reinforce its integrated approach to the economic and social empowerment of low-income households. The programme provided a broader range of interlinked services and support: nutrition, shelter, medical care, counselling, job search, accident insurance, home-based care for older and vulnerable persons, education and skills development.

National Training Funds of Cambodia

Social protection in Cambodia is guided by the National Social Protection Strategy for the Poor and Vulnerable. The strategy, adopted in March 2011, aims at the development of social protection and improvement of livelihoods through three approaches. One approach is to prevent the impact of risks that could lead to negative coping strategies (such as child labour) and further impoverishment, by expanding social security (by providing vocational training). In Cambodia, the inequalities between the rich and the poor strata are large, and the workforce has low education and skill levels.

The National Training Fund targets poor people who have a business idea. It subsidizes skills training through government and non-government funds. It also provides incentives to training institutions, enterprises and the private sector to upgrade and expand their training programmes.

The National Training Fund was established under the Asian Development Bank's Basic Skills Project in December 1997 and was designed to evolve into the main mechanism for funding employment-related and enterprise-based training. It is coordinated by the National Training Board and actually consists of two funds:

- Training Grant Fund, which provides grants to contracted training providers to conduct training in specific skill areas.
- Self-Employment Generation Fund, which is a microcredit loan facility for small entrepreneurs in urban and rural areas, patterned after the Grameen Bank model of Bangladesh. It provides loan amounts from \$200 to \$3,000.

The training that is provided is to be demand-oriented – suited to employers' needs and responsive to communities. Contracts are awarded on a competitive basis, wherein the training programmes are priced at unit costs. The Training Grant Fund has no cost recovery; training fees cannot be charged because the beneficiaries are poor and even need assistance with transportation and food during the training period.

The Self-Employment Generation Fund beneficiaries are selected from poor families in a community and put in groups of three to five members. Each member is required to have an existing or proposed business idea. An eligibility criterion to borrow from the fund is that at least one group member must have graduated from a Training Grant Fund training programme. Each group has a leader, collector and a treasurer. All members are liable for the loans of other group members.

Microenterprises supported by the Self-Employment Generation Fund include algae and seaweed growing, bamboo basket making, animal raising, food processing, hairdressing, motorbike repair, onion growing, television and radio servicing and repair, silk weaving, masonry, stone carving and worm raising. The selection of eligible businesses is done through rudimentary feasibility studies and a training and employment needs assessment conducted by the provincial training centres.

The Innovative Skills Investment Assistance Fund was a third fund that provided loans to private training providers offering innovative training to their own target clientele for a fee. Through the fund,

11,596 trainees were trained, but it was discontinued because a subcontractor defaulted on service provision, although the money was eventually recovered.

The National Training Fund serves to link employment and social protection through the provision of training and microcredit facilities, to increase workers' employability and to facilitate unemployed workers' quick return to work. Its impact on poor households has been described as direct, concrete and substantial, requiring relatively small investments (\$222 per person for the Training Grant Fund). The Training Grant Fund has proven to be an efficient way to empower the poor by providing skills for wage-based and self-employment. The Self-Employment Generation Fund provided opportunities for the Training Grant Fund graduates to apply their acquired skills to self-employment. However, the two programmes only reached approximately 13,000 and 6,000 beneficiaries, respectively, as of 2012.

To scale up the programmes and provide additional seed capital for the Self-Employment Generation Fund, additional financial resources are required. Because the National Training Fund is supported solely by the Cambodian Government budget and the Training Grant Fund has no cost-recovery mechanism, a stable source of income is needed. Also, the unit costs of the training programmes for awarding the contracts are low. This effectively excludes private training providers. Only government institutions and NGOs with low operating costs can afford to compete. To improve the quality and make the training more relevant, private training providers should be included as well.

The Training Grant Fund trained 13,084 beneficiaries in 53 skill areas at a cost of \$1.9 million, or an average of \$147 per trainee. The beneficiaries comprised mostly women, poor persons, school leavers, orphans, widows, crippled demobilized soldiers and handicapped people. The average employment rate among graduates of the National Training Fund training programmes was 66 per cent (75 per cent among women, 55 per cent among school leavers, 100 per cent among demobilized soldiers). Most of those who took up employment are assumed to have done so in the informal economy.

As of 2012, the Self-Employment Generation Fund had disbursed \$1.4 million to 5,635 members through provincial training centres across Cambodia. Around 65 per cent of beneficiaries were women. The loan recovery rate was quite high, at around 92 per cent, indicating that the start-up ventures performed well. The average income from such businesses ranged between \$400 and \$900 per year, considered a substantial amount, especially in rural areas.²⁴

²⁴ PowerPoint presentation by Huleng Hay, National Employment Agency, Cambodia, 9 Oct. 2013.

Handout 2-1: Comparison of unemployment benefits in Convention No. 102 and Convention No. 168 with national legislation

	Principles in Convention No. 102	Principles in Convention No. 168	Application of principles in national legislation
Contingency	Suspension of earnings due to inability to obtain suitable employment in the case of a person protected who is capable of and available for work	<ul style="list-style-type: none"> ▪ Full unemployment or the loss of earning due to inability to obtain suitable employment by a person capable of, available for and seeking work ▪ Partial unemployment, or temporary reduction in normal or statutory work hours ▪ Temporary suspension of work without breaking employment relationship, leading to suspension or reduction of earning 	
Coverage	Classes of employees, not less than 50 per cent of all employees	Prescribed classes, not less than 85 per cent of all employees, including public employees and apprentices	
Methods of protection		Contributory system or non-contributory system or a combination of both	
Financing	Employees should not contribute more than 50 per cent of the overall costs for social security insurance		
Amount of benefit	Periodical payments of at least 45 per cent	Periodical payments of more than 50 per cent of previous earning (contributory system) or 50 per cent of statutory minimum wage (non-contributory system)	
Duration of benefit	At least 13 weeks within 12 months (if covering employees) or 26 weeks within 12 months (if covering all residents)	For full unemployment, benefits may be initially provided for 26 weeks in each unemployment spell or 39 weeks over any period of 2 years	
Qualifying conditions	Qualifying period should not be longer than the period considered necessary to preclude abuse (period determined by legislation, depending on national context)	Qualifying period should not be longer than the period considered necessary to preclude abuse (period determined by legislation, depending on national context)	

	Principles in Convention No. 102	Principles in Convention No. 168	Application of principles in national legislation
Waiting period	Maximum 7 days	Maximum 7 days	
Suspension of benefit	<p>Suspension allowed under the following conditions:</p> <ul style="list-style-type: none"> ▪ person is absent from the territory; ▪ person is in prison; ▪ person receives another social security benefit; ▪ fraudulent claim; ▪ contingency is caused by a criminal offence or by wilful misconduct; ▪ person fails to comply with the rules or use the employment services; ▪ unemployment is the direct result of a stoppage of work due to a trade dispute; or ▪ person left voluntarily without just cause 	<p>Satisfaction of any of the conditions:</p> <ul style="list-style-type: none"> ▪ absence from the territory; ▪ deliberate contribution to own dismissal; ▪ leaving employment voluntarily without just cause; ▪ person stopped work to take part in a labour dispute or was prevented from working as a direct result of a labour dispute; ▪ fraudulent claims; ▪ failure to use the placement, training, retraining, vocational guidance and redeployment facilities without just cause; ▪ failure to accept suitable employment; or ▪ receiving an income maintenance benefit that is higher, except a family benefit 	
Administration and responsibility for overall operations	The State must accept general responsibility for the proper administration of the fund and the due provision of benefits and take all necessary measures to achieve this, including regular actuarial reviews and financial assessments	The State is responsible for the sound administration of the institutions and services. Representatives of beneficiaries, employers and public authorities may participate in the administration	
Right to complaint and appeal mechanism	Every claimant must have the right to appeal or complain in case of refusal of benefit payment, issues related to quality or quantity of the benefits.	Claimants shall have the right to present a complaint to the implementing body and appeal to an independent body. The procedures must be simple, rapid and informed in writing	

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MODULE 3:

Determining options for setting up an unemployment protection scheme through social dialogue

How to facilitate consensus on the introduction of an unemployment protection scheme and in the determination of options

Objectives of the module

- Develop capacity to contribute to the unemployment situation analysis in a country and to determine the needs of people who are unemployed or underemployed.
- Analyse the existing framework (laws, policies and programmes) that provides protection in case of unemployment.
- Apply insights and good practices from other country experiences to facilitate dialogue among social partners on the introduction of unemployment benefits.
- Propose several scenarios of options for shaping an unemployment protection scheme (contributory and/or non-contributory schemes) to the social dialogue partners.

Estimated duration of the module: 6 hours

Content

Session M3.1 (1 hour and 30 min.): Assessing the situation: Analysing the labour market, unemployment and social protection needs and mapping existing laws and programmes

M3.1.a Presentation: Capturing the unemployment situation: Key labour market indicators

M3.1.b Practice session: Mapping social protection laws and programmes to cover unemployed workers and identifying policy gaps, implementation issues and needs

Session M3.2 (1 hour and 30 min.): Facilitating social dialogue for the introduction of unemployment protection schemes

M3.2.a Discussion: Determining the country's priorities for the extension of social security: Protection of formal and informal employees, prevalence of other priorities (health care and pensions), coverage and objectives of the schemes

M3.2.b Discussion: Balancing interests among tripartite constituents through social dialogue and building capacity for an informed policy-making process

M3.2.c Discussion: Severance pay and unemployment benefits: Similarities and differences of each provision

M3.2.d Discussion: Country experiences on facilitating a national dialogue for the introduction of unemployment insurance

Session M3.3 (3 hours): Shaping recommendations and options for improving unemployment protection

M3.3.a Practice session: Through a case study exercise, identify gaps, implementation issues and needs, and then determine the possible options

M3.3.b Practice session: Using the case studies to determine a range of options that are in line with Convention No. 102, Convention No. 168 and Recommendation No. 202

M3.3.c Practice session: Discussing specific needs of certain groups to ensure that the schemes are inclusive (migrant workers, women, persons with disabilities, youth)

Checklist of questions that are answered through the module

- ✓ What information on the labour market situation is needed to assess the feasibility of options for the proposed unemployment protection schemes?
- ✓ Why is the participation rate of men and of women a concern when developing an effective unemployment protection scheme?
- ✓ Why is it necessary to conduct a review of existing provisions when looking to introduce a new social protection scheme?
- ✓ How is a diagnostic on existing provisions and remaining gaps achieved?
- ✓ What is the significance of re-employment measures to assist unemployed workers in quickly returning to work?
- ✓ What are the main similarities and differences between severance pay and unemployment benefits?
- ✓ Why is consensus building a major requirement when introducing a new social protection programme?
- ✓ How are hostile stakeholders who do not want to compromise best managed?
- ✓ Why is it important to identify a “champion” for the potential implementation of a social protection scheme?
- ✓ What cost–benefit arguments can be used for implementing a new mandatory unemployment insurance scheme, as a complement to the rights-based argument?
- ✓ What will be the impact of a significant share of workers involved in the informal economy when introducing unemployment benefits?
- ✓ What are the main challenges on workers involved in the informal economy to effectively benefit from the unemployment protection system?

Training methods: Presentations of concepts and methodologies, country experiences, simulation of social dialogue exercise while determining options using the assessment-based national dialogue on social protection and employment promotion methodology and learning by practising. The ILO’s *Social Protection Assessment-Based National Dialogue: A Global Guide*²⁵ provides detailed information on the objectives and steps of the assessment-based national dialogue.

Material to be distributed to participants (attached to the module): Relevant international labour standards, definitions, brochures and fact sheets on social security and the social protection floor in Asia along with the *Social Protection Assessment-Based National Dialogue: A Global Guide*.

²⁵ See <http://www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=53462> [accessed 1 Mar. 2016].

Physical media required: Writing paper and pens, chart paper, coloured cards, coloured pens, board to pin up chart papers, white board and markers.

Challenges: The risks of developing an improperly designed or improperly operated unemployment protection scheme are substantially high, especially for developing countries. The negative aspects of implementing an ineffective unemployment protection scheme are considerable, and it would be almost impossible to reverse the situation and regain trust of beneficiaries and contributors if the scheme fails. It is thus necessary to give thoughtful analysis to what is considered an effective unemployment protection scheme for a particular country.

Building consensus is a difficult challenge. Many stakeholders will disagree with the premise of a particular social protection scheme and are intractable in their beliefs. During the consensus-building stage, many opinions and viewpoints will need to be considered and, at the end of the day, it will be necessary to identify common ground and what compromises will need to be made to reach an acceptable agreement. Consensus decision-making is about the process and the decision itself and will be the main challenge to the acceptance of a new social protection scheme.

There is also the possibility of groups or individuals sabotaging the efforts to design a new scheme by people who have self-interests or are reluctant to changes or complacent with the existing severance pay scheme. Those who are strongly against a proposal will need to be managed to ensure the success of the process.

Another challenging aspect of consensus building is overlapping economic, financial or political events. If a government has recently introduced a new plan that is viewed negatively by a major stakeholder, this could have a negative impact on other proposals. For example, in Malaysia, the Government introduced a minimum wage to considerable opposition from employers. The environment for introducing an unemployment insurance scheme could be compromised on the basis of such events.

Finally, in the case of contributory unemployment insurance schemes, policy-makers sometimes challenge social insurance systems with unemployment individual savings accounts. However, several evaluation reports have shown that a proposal relying mainly on such savings accounts is generally viewed as less beneficial to unemployed workers for a higher contribution rate (see Module 2).

Session M3.1: Assessing the situation: Analysing the labour market, unemployment and social protection needs and mapping existing laws and programmes

This session aims to equip policy-makers (government and social partners) with instruments to assess the situation, identify needs and make informed recommendations.

M3.1.a Presentation: Capturing the unemployment situation: Key labour market indicators

The session presents macroeconomic, labour market and demographic indicators, of which analysis will be crucial for national stakeholders to make the right decisions concerning the design of the unemployment protection scheme.

Such data and statistics will be required at the time of assessing the financial sustainability of a proposed scheme, which is the basis of Module 6.

Finally, sound data constitutes the baseline information on which the scheme's performance will be monitored and evaluated once implementation begins (see Module 8).

The main challenge when analysing and sharing data is the level of understanding of the definition behind each statistic by the different stakeholders engaged in consensus building around the unemployment protection policies. Data needed to inform the national dialogue can be classified under three main categories:

- demographic indicators;
- macroeconomic indicators; and
- labour market indicators.

Demographic indicators

Demographics is the study of a population based on such factors as age, race, sex, economic status, level of education, income level and employment situation, among others. They are collected and used by governments, business corporations and NGOs to learn more about a population's characteristics for many purposes, including for the design and reform of social protection programmes. Also important are the changing trends of demographic groups as a result of economic, cultural and political circumstances.

In many countries with social protection programmes, demographics are hugely important for identifying those who require additional assistance to keep them from falling into poverty as well as identification of youth, senior citizens and single parents who are in need of assistance.

Tip box 3.1

Definitions of key demographic indicators

Total population: The total population comprises persons of all ages who were living in the country during the reference period, regardless of residency status or citizenship.

Working-age population: For statistical purposes, the working-age population comprises all persons older than a specified minimum age threshold for which an inquiry on economic activity is made. For purposes of international comparability, the working-age population is commonly defined as persons aged 15 years and older, but this varies from country to country. In addition to using a minimum age threshold, certain countries also apply a maximum age limit. Adoption of a specified upper age limit means that all persons above that age limit are excluded from the count of the working-age population. Most countries, however, do not use a maximum age limit.

Target population: The target population is the group of individuals based on common needs. The size of the target population is determined by such factors as priority policy and financial capacities of a government. For instance, all unemployed young men and women aged between 15 and 24 years who dropped out of school before completing the secondary level could be a target population for a vocational training programme.

Source: ILO: ILOSTAT database, <http://www.ilo.org/ilostat/> (for the first two definitions) [accessed 6 June 2017].

In many developing countries, the percentage of the population that is considered urban or rural is an important factor in determining the features and potential merits of an unemployment protection scheme. Rural residents tend to be more involved in agriculture, fisheries and informal employment and remain excluded from many of the social security programmes usually associated with formal employment (mainly implemented in urban areas).

Macroeconomic indicators

In determining the feasibility of implementing an unemployment protection scheme that is combined with employment promotion policies, some of the more important macroeconomic factors need to be considered.

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders within a certain period of time (usually one calendar year), plus net income received from abroad. It is commonly used as an indicator of the economic health of a country as well as a country's standard of living. It is therefore an important aspect to consider when looking at potential unemployment protection schemes. Per-capita GDP is a measure of the total output of a country that divides the GDP by the number of people residing in the country. Per capita GDP is especially useful when comparing one country to another because it shows the relative performance of both countries. A rise in per capita GDP signals growth in the economy and tends to translate as an increase in productivity, which is expected to increase wages.

Tip box 3.2

Definitions of macroeconomic indicators

Wage rates and average earnings: Statistics of wages usually relate to average gross money wages per wage earner expressed as average earnings or, in some cases, as wage rates. Unless otherwise stated, the series cover wage earners of both sexes, without distinction as to age. Data by sex are published whenever possible.

The data on average earnings, generally taken from establishment payrolls, usually cover cash payments received from employers (before deduction of taxes and social security contributions payable by workers), such as remuneration for normal working hours, overtime pay, incentive pay, earnings of piece-workers; remuneration for time not worked (annual vacation, public holidays, sick leave and other paid leave); bonuses and gratuities. In a few cases, average earnings are compiled on the basis of social insurance records; social insurance statistics usually yield lower averages than payroll data because overtime payments, incentive pay, etc., may be excluded, as well as wages exceeding a certain upper limit.

Wage rates are based on collective agreements, arbitration awards or decisions of wage-fixing authorities, which generally specify minimum rates for particular occupations or groups of workers. In some cases, wage rates are obtained from establishment surveys. Wage rates usually include basic wages, cost of living allowances and other guaranteed and regularly paid allowances, but exclude overtime payments, bonuses and gratuities, family allowance and other social security payments made by employers.

The definitions of earnings and wage rates as stated in the resolution adopted by the Twelfth International Conference of Labour Statisticians (in Geneva in 1973) are given in the publication: *Current International Recommendations on Labour Statistics*.*

Consumer price index: The consumer price index is designed to measure changes over time in the retail prices of a fixed list of goods and services, which are selected as representative of the consumption pattern of the population. In most cases, the general index covers all the main items of expenditure: food and drink; fuel and light; clothing; rent; miscellaneous. References typically refer to two types of indicators: the general consumer price index (Part A) and the food group index (Part B).

Gross domestic product (GDP) at current and constant prices: Projections of GDP at current prices are obtained by projecting GDP at constant prices (volume effect) and GDP deflator (price effect). The volume and the price effects may follow different trends.

GDP at constant prices is the product of employment multiplied by productivity.

GDP deflator reflects prices of all goods and services produced in the country.

Source: if not otherwise, ILO: ILOSTAT database, <http://www.ilo.org/ilostat/> (for the first two definitions) [accessed 7 June 2017]; *=ILO: *Current international recommendations on labour statistics* (Geneva, 1988).

An analysis of increasing or decreasing economic activity will provide information on the health of certain economic sectors and the overall economic situation of a country. Such analysis is important to assess the relevance of introducing unemployment protection schemes for protecting workers facing an uncertain future.

Labour market indicators

The simplest but effective definition of a labour market is the market in which workers compete for jobs and employers compete for workers. Essentially the labour market is a generalized concept highlighting the interaction between the supply (number of persons available for work) and the demand (number of jobs available) and the wage rate. Labour-market analysis is enhanced by the consideration for not only the short-term supply and demand for labour but also their allocation

among regions, occupations, sectors and industries.

The labour supply, or the number of individuals of working age, is determined by numerous factors: the age distribution of the population; retirement behaviour; migration patterns; education and training decisions; fertility rates; the state of the economy; and individuals' decisions concerning the allocation of time between work activities and leisure.

When analysing labour markets, there are a number of indicators that provide insight into the labour market situation of a particular country (tip box 3.3).

Tip box 3.3

Definitions of key labour market indicators

Labour force or economically active population: The labour force comprises all persons of working age who furnish the labour for the production of goods and services (as defined by the United Nations System of National Accounts production boundary) during a specified time period. It refers to the sum of all persons of working age who are employed and those who are unemployed.

Labour force participation rate: The rate is calculated as the labour force during a given reference period and presented as a percentage of the working-age population in the same reference period. The breakdown of the labour force by sex and age group gives a profile of the distribution of the economically active population within a country.

Employment: The employed comprise all persons of working age who, during a specified brief period, such as one week or one day, were in the following categories: (i) paid employment (whether at work or with a job but not at work); or (ii) self-employment (whether at work or with an enterprise but not at work).

Employment-to-population ratio: The ratio is calculated as the number of persons who are employed during a given reference period of time and presented as a percentage of the total working-age population in the same reference period.

Unemployment: The unemployed comprise all persons of working age who were: (i) without work during the reference period (were not in paid employment or self-employment); (ii) currently available for work (were available for paid employment or self-employment during the reference period); and (iii) seeking work (had taken specific steps in a specified recent period to seek paid employment or self-employment). For purposes of international comparability, the period of job search is often defined as the preceding four weeks, but this varies from country to country.

The specific steps taken to seek employment may include registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, markets or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land, building, machinery or equipment to establish own enterprise; arranging for financial resources; and applying for permits and licences.

Unemployment rate: This rate is calculated as the number of persons who are unemployed during the reference period and given as a percentage of the total number of employed and unemployed persons (the labour force) in the same reference period.

Source: ILO: ILOSTAT database, <http://www.ilo.org/ilostat/> [accessed 7 June 2016]; ILO: *International training compendium on labour statistics: Module 1: Statistics of employment, unemployment, underemployment, economically active population* (Geneva, 2003), <http://www.ilo.org/public/english/bureau/stat/download/module.pdf> [accessed 20 Nov. 2016].

The first step in labour market analysis is to determine the breakdown of the labour force status within the population. The working-age population can be broken down into persons who are inactive, employed or not working and seeking work (unemployed).

The unemployment rate is probably the best-known labour market indicator and certainly one of the most widely quoted by the media in many countries. Together with the labour force participation rate and the employment-to-population ratio, it provides the broadest available indicator of economic activity and status in terms of labour markets for countries that regularly collect information on the labour force. The unemployment rate tells the proportion of the labour force that does not have a job and is actively looking for work.

A large share of the population in either unemployment or inactivity, or both, indicates substantial underutilization of the potential labour force and thus of the economic potential of a country. Governments facing this situation should, if possible, seek to analyse the reasons for inactivity, which in turn could dictate the policy choice necessary to amend the situation.

Another important driver is the breakdown of jobs by sector or industry in terms of sex, age, occupation, industry and wage rates.

Other important information used to assist analysts of the labour market when preparing the background information for the design of unemployment benefits and active labour market programmes is the distribution of employees by sector and working-age cohort.

The total labour supply is not evenly distributed among regions or even subregions or between rural and urban labour markets. Its size in any local labour market is affected not only by the size and participation rates of the local population and the rate of demographic increase but also by migration into or out of markets.

The demand for labour is indirectly determined by the demand for the goods and services that labour produces. Demand for labour has gender-based, geographical and occupational dimensions but is also affected considerably by the industrial distribution of demand and the organization of industries. Geographically, the demand for labour will not normally equal the geographical distribution of supply. Consequently, differences in both unemployment rates and in average wage levels for essentially similar jobs will often exist.

M3.1.b Practice session: Mapping social protection laws and programmes to cover unemployed workers and identifying gaps, implementation issues and needs

This session's assessment takes stock of existing related programmes in a country to inform the national dialogue towards recommendations for extending social protection and employment promotion support. It aims to help participants understand what policies, programmes and measures are in place and where issues and gaps persist, then to formulate recommendations towards the achievement of a holistic social protection system in their country. The ILO developed a methodology to guide governments in conducting such analysis: the assessment-based national dialogue on social protection.²⁶

Involving stakeholders

Any assessment on social protection should rely on a participatory approach to identify priority policy options for the successful and coordinated development of support systems that are in line with international labour standards. The assessment should not only generate knowledge of the situation but be used foremost for informed national dialogue to reach consensus on policies and actions that will work towards a comprehensive social protection and employment support system.

Such dialogue must include, from the outset, all relevant line ministries, local government bodies, workers' and employers' organizations, civil society organizations, development partners and academia.

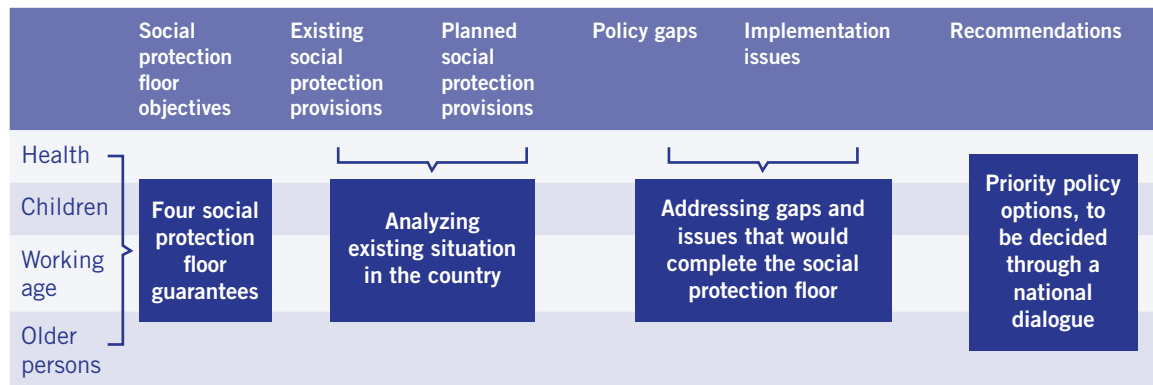
²⁶ ILO: *Social protection assessment-based national dialogue: A global guide* (Geneva, 2016), <http://www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=53462> [accessed 7 June 2016].

A proper participatory process takes time (more than a year or a year and a half) and entails bilateral consultations, stakeholders' workshops and technical seminars to progressively devise a shared vision for the employment protection situation, the identification of policy gaps and implementation issues before drawing up appropriate policy recommendations. The participatory approach raises awareness among stakeholders regarding the concept of social protection and employment promotion, its relevance for the country and the importance of adopting a coordinated and holistic approach. Working with stakeholders who have sufficient political power and technical expertise is critical to avoid blockages in the future.

Mapping the social protection and employment promotion situation

An assessment matrix lists and describes the existing schemes and measures, identifies policy gaps and implementation issues and provides policy recommendations to further design and build a comprehensive employment protection scheme for all.

Figure 3.1: Structure of the matrix of the assessment-based national dialogue on social protection



Source: ILO: *Social protection assessment-based national dialogue: A global guide* (Geneva, 2016).

When developing unemployment protection schemes, policy-makers may opt to only analyse the social protection situation for the working-age population. It is highly recommended, however, to undertake an assessment exercise with a holistic scope because existing social protection programmes on health care, children and older persons may have some impact on the behaviour of unemployed and underemployed workers.

Assessments of the social protection situation should pursue the following interrogations:

- What are the existing social security and active labour market laws, policies and programmes in the country (including the different schemes and measures that are in planning stage)?
- What are the existing provisions for the working-age population that take stock of both income security (through social insurance and social assistance schemes) and employment promotion programmes?
- For each scheme or provision, who is the target group? What are the types of transfers (cash, in-kind or access to services)? What are the levels of benefits?
- Are some parts of the population excluded by law (policy gaps)?
- Are some parts of the population excluded in practice (implementation issues related to inclusion and exclusion errors, budgetary constraints or mismanagement)?
- What could be recommended to close the policy gaps and implementation issues?

Existing schemes and measures could include provisions for severance payments and termination benefits, unemployment insurance, skills training, job search assistance, employment support services, entrepreneurship support, employment guarantee programmes, public works programmes, programmes aimed at supporting women's participation in the labour market, youth employment programmes, social inclusion programmes for persons with disabilities and so on. Policy gaps typically

occur because of missing or incomplete legislation or policies, leading to a portion of the population being excluded from the existing provisions. Implementation issues occur when, despite existing policies or legislation, beneficiaries still do not have access to their entitlements. This could be due to lack of access in remote areas, poor enforcement, low awareness or bankruptcy of enterprises, among other reasons.

Building the assessment matrix cannot be done through bilateral consultations only. Rather, it requires the facilitation of national dialogues involving all relevant stakeholders. Inclusive dialogue ensures that the information in the matrix is comprehensive and accurate. Such dialogues are particularly useful to determine the most appropriate recommendations for the design and implementation of further social protection provisions that will guarantee, at a minimum, the social protection floor for the whole of the population.

Estimating the cost of priority recommendations

The assessment should also include an estimate of the financial commitment needed in a country to implement the proposed recommendations.

Certain recommendations (recommendations related to the expansion of benefits, tip box 3.4) can be translated into practical scenarios for improving or introducing new unemployment protection schemes. The national dialogue, with the support of a technical team, discusses acceptable parameters for a scheme's design. The cost of the proposed social protection and employment support programme is then estimated and projected over a certain period, depending on the availability of projections, using different ILO tools for estimating the cost of social protection policies.

Among these tools, the ILO's Rapid Assessment Protocol is a simplified framework that supports national dialogue and helps to refine a list of priority recommendations. This costing exercise can serve as a basis for discussions on available fiscal space, government budget reallocations and the prioritization of social protection policy options. The Rapid Assessment Protocol is only suitable for assessing the cost of implementing recommendations related to the expansion of benefits. For most other recommendations, an in-depth actuarial assessment is required.

The methodology for the Rapid Assessment Protocol, the necessity of conducting actuarial calculations and challenges in costing unemployment protection measures are covered in Module 6 of this guide.

Tip box 3.4 Arriving at recommendations for the extension of social protection and employment support

Recommendations may be of two types:

Recommendations related to the expansion of benefits

- cover more people;
- increase the levels of benefits of existing non-contributory schemes; and
- introduce new non-contributory benefits or programmes.

} The cost of implementing such recommendations can be assessed using the ILO's Rapid Assessment Protocol model.

Other recommendations

- new or expanded mandatory or voluntary social insurance (establish an unemployment insurance system);
- recommendations related to the operations and coordination between schemes (improve targeting mechanisms); and
- qualitative recommendations (improve the job portal).

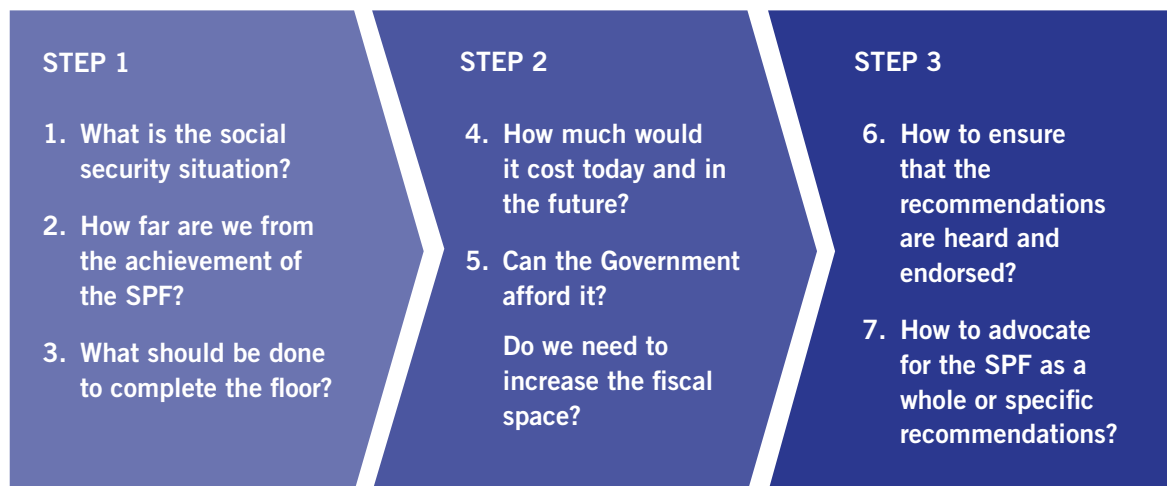
} The cost of implementing such recommendations requires further studies (beyond the scope of the assessment-based national dialogue exercise).

Source ILO: *Social protection assessment based national dialogue: A global guide* (Geneva, 2016).

High-level endorsement of the assessment report

The final assessment report must be shared with representatives for the government, workers and employers as well as civil society organizations to validate the recommendations and assumptions and prepare for the next steps (feasibility studies for the design of the new schemes or expansion of existing schemes or establishment of coordination mechanisms, see figure 3.2). Stakeholders should also adopt a road map that can be used as reference for further monitoring actions taken towards the improvement of unemployment protection.

Figure 3.2: Steps in the ILO's assessment-based national dialogue exercise



Note: SPF=social protection floor.

Source: ILO: *Social protection assessment based national dialogue: A global guide* (Geneva, 2016).

Session M3.2: Facilitating social dialogue for the introduction of unemployment protection schemes

M3.2.a Discussion: Determining the country's priorities for the extension of social security: Protection of formal and informal employees, prevalence of other priorities (health care and pensions), coverage and objectives of the schemes

Social security, and therefore unemployment protection, is a human right (see Module 1 and Module 5). Countries, especially developing countries, however, must cope with many socio-economic priorities and limited fiscal resources that may hinder the universal realization of the right to social security. Even across the ASEAN region, countries have diverse economies and labour market situations. To ensure that at least a social protection floor is guaranteed in the country, stakeholders need to determine their specific social protection priorities and possibly rate and categorize the various policy options based on the population to be targeted, financing and institutional capacity as well as other important issues and political agendas. This is particularly true in countries with predominant informal, rural and vulnerable employment.

When gauging unemployment protection priorities, governments ponder the views of different stakeholders and the needs of specific groups, such as women, migrant workers, young people, remote and ethnic populations and persons with disabilities. Priorities, of course, will differ across stakeholders (employers' and workers' groups, line ministries and civil society), with each defending their specific interests. Thus, reaching consensus on unemployment protection measures often results in a challenging task. The following two boxes illustrate, through the examples of Cambodia and Malaysia, how country priorities in terms of social protection can differ.

Country box 3.1

National Social Protection Strategy for the Poor and Vulnerable in Cambodia

In Cambodia, the National Social Protection Strategy for the Poor and Vulnerable, adopted in March 2011, provides a vision to develop a coherent social protection system in a phased approach. It starts with the establishment of a social protection floor for all people in need of protection and provides for more and more people to access higher levels of benefits. The strategy emphasizes the importance of linking social protection measures with policies that aim to enhance workers' capabilities and employability as a way to move out of poverty and into more productive and decent forms of employment.

The strategy has three approaches:

- Protect the poorest and most disadvantaged who cannot help themselves by providing social assistance and services, such as food distribution, social transfers and old-age and disability pensions.
- Prevent the impact of risks that could lead to negative coping strategies that further impoverish people, through the expansion of social protection measures.
- Promote ways for the poor to move out of poverty by building human capital through education, adequate health care and livelihood support and provide decent employment opportunities.

The strategy was prepared through a consultative process involving line ministries, social partners and civil society, with technical inputs from development partners. The Council for Agricultural and Rural Development ensured an effective coordination of all relevant stakeholders.

Source: Government of Cambodia: *Cambodia's National Social Protection Strategy for the Poor and Vulnerable* (Phnom Penh, Council for Agricultural and Rural Development, ILO, UNICEF and UNDP), http://www.socialprotection.gov.kh/documents/publication/nsps_per_cent20book_per_cent20en.pdf [accessed 7 June 2016].

More economies, notably among middle-income countries, view unemployment insurance as an important element of a comprehensive social security system²⁷ as well as a factor for smoothing labour market transitions in time of economic crisis and/or transformation.

Country box 3.2

New Economic Model: A vision towards a high-income economy in Malaysia

The New Economic Model (NEM), unveiled in March 2010, intends to “transform the Malaysian economy to become one with high incomes and quality growth”. One of the highlights of the New Economic Model is the development of human capital, which includes flexible hiring and firing rules for employers and, at the same time, enhance workers’ social protection through unemployment insurance along with integrated employment services. The NEM provides broad guidelines for the design of unemployment insurance:

“Economic transformation under the NEM is expected to result in some degree of frictional unemployment, for which an enhanced labour safety net is needed to help ease transition for workers. A functioning and effective labour safety net forms an important part of the NEM and contributes to the objectives of high income and inclusivity. The main objective of a safety net is to help cushion the adjustment costs to beneficiaries without impeding the requisite reforms, i.e. it allows for the necessary tough measures to be taken upfront rather than be phased in, which can dilute impact.

“The current safety net system focuses on retrenchment benefits [severance payments] for workers laid off due to economic circumstances. Multiple problems have been encountered with this system. Businesses have closed without meeting retrenchment obligations. Or in the case of insolvency, retrenchment benefit claims (other than outstanding wages) are not positioned advantageously for access to the proceeds from liquidation of the failed firm’s assets.

“An appropriate labour safety net would include an unemployment insurance scheme supported by up-skilling and retraining programmes and upgraded employment services.”

Source: Government of Malaysia: *New economic vision of Malaysia* (Kuala Lumpur, 2010), <http://www.social-protection.org/gimi/gess/ShowProjectRessource.do?ressourceId=45217&pid=1605> [accessed 7 June 2016].

Practice session



Objective: The exercise fosters discussion of the features of informal, rural and vulnerable employment and factors that hinder workers’ participation in a social security system.

Exercise

1. Each group discusses their perception of informal, rural and vulnerable employment in their respective countries.
2. Each group then proposes solutions to improve unemployment protection for informal economy, rural and vulnerable workers, discussing specific needs for women, persons with disabilities, migrant workers, young people and ethnic groups.
3. Write the solutions on a white board.

The ILO’s definitions of informal, rural and vulnerable employment are included in the glossary at the end of this manual.

²⁷ T. Blumkin, Y. Hadar and E. Yashiv: *Efficient Unemployment Insurance Time Path* (London, Centre for Economic Policy Research, 2003).

M3.2.b Discussion: Balancing interests among tripartite constituents through social dialogue and building capacity for an informed policy-making process

The ILO is a tripartite organization for governments, employers and workers and recognized throughout the world for its role in facilitating consensus building. Since 1919, the ILO has promoted effective social protection provisions to reduce poverty and ensure the well-being of workers and employers alike. The International Labour Office, the Secretariat, is perceived as neutral and objective with specialists for both workers' and employers' activities. The role of the International Labour Office is to smooth the progress of consultative processes.

There are three major players involved in labour issues: the government, the employers and the workers. An essential element of a consultative process for the introduction of unemployment benefits is the establishment of a national tripartite working committee. The objective of the tripartite committee is to ensure a participatory process and to guarantee that all minority views are considered. The committee should channel the views of all parties, especially government officials with direct interest in the new social protection scheme, as well as employers' and workers' groups.

In most countries, there are numerous employers' associations, such as a chamber of commerce, sector-focused federations and representatives of small and medium-sized enterprises. Similarly, various workers' unions represent workers' interests and include sector-focused unions, such as representatives of civil servants, heavy industry, agriculture, banks and services, among many others. Views across the workers' and employers' organizations vary, depending on the members they represent.

In some countries, trade union associations might not always adequately represent the views of workers who are self-employed, rural and informal economy workers and young people. For the design of programmes targeting these specific groups, a consultative process must involve a broader range of organizations to ensure that the views of future beneficiaries and those most in need are properly represented. These other organizations may include women, youth, farmers, informal economy workers, NGOs and academics. A government, as the chair (typically) of a consultative committee, is responsible for ensuring that all relevant organizations' and groups' representatives are duly engaged.

Therefore, an inevitable challenge begins with finding the employers' and workers' organizations that will take the lead in conveying their respective views within the tripartite working committee. Converging all the opinions into one joint position that represents the views and concerns of all employers and workers is a second major challenge. The chairperson of the tripartite working committee has a critical role in coping with these challenges. It is imperative to provide leadership through a "champion" who articulates the vision of the unemployment protection scheme as well as manage the negative feedback and responses from self-interest groups.

The government must appreciate the rights of individual workers, especially in relation to the competitive issues facing employers, and the consequent need for support through public policies. A top priority of many countries is the development of strategies to create jobs and increase the skill level of its workforce to compete in the global economy. When considering the advantages of implementing an unemployment protection scheme at the macroeconomic level, it is worth remembering that an effective unemployment insurance scheme has been the cause of social stability while reducing unrest and crime. Governments have profited from the use unemployment benefits as an instrument of economic stabilization during recessions, when they have helped produced higher tax revenues and reduced the need for special government interventions. A review of the literature and national macroeconomic indicators (conducted during the implementation of the ILO/Japan Project, Promoting and Building Social Protection in ASEAN) did not reveal any evidence that the introduction of unemployment benefits led to higher rates of unemployment.

Employers face a number of challenges on the demand side of the labour market. They need to constantly assess how many employees are required and at what skill level, which will determine wages and benefits and hours of work. They are heavily influenced by such factors as global competition

(free trade, privatization), the legislative environment (minimum wage, maternity leave, workers' compensation, labour laws and collective bargaining) as well as the changing workforce (age, sex). In general, while employers have traditionally been wary of unemployment benefits because of the mandatory nature of contributions and the implication for labour costs, many employers acknowledge the benefits after an unemployment insurance scheme is implemented. Indeed, an effective unemployment insurance instrument produces productivity gains, adds flexibility for adjusting to technological or structural changes and helps make terminations easier to accept by employers and workers, thereby creating a more stable economic and business environment.

On the other hand, workers also need to look at important issues, such as when to enter the labour force, how much education and training they need, the type of work and occupations available and what are acceptable wage rates and job benefits, mobility and hours of work. Workers perceive unemployment benefits as a secure system, providing them with reassurance of continued temporary partial payments during a period of unemployment while they obtain support for finding new employment and improving their overall health by reducing stress and other associated problems. However, when initiating social dialogue for introducing unemployment benefits, workers' representatives are often divided and opposed to a trade-off at the detriment of their acquired rights to severance payment (see the argument in M3.2.c).

The challenge is to merge these employers' and workers' viewpoints with the national social protection and development priorities and develop a consensus initially on a set of options and ultimately a viable, compromised option for the country. The preparation of a position paper (tip box 3.5) can be a useful process for channelling and balancing interests within and between groups.

Tip box 3.5

What is a position paper?

A "position paper" is an essay that presents an opinion about an issue. In this case, a position paper would cover the merits and issues associated with introducing new unemployment protection schemes. Position papers are most useful in contexts in which a detailed understanding of myriad views is important. A position paper is essentially a detailed policy report that explains, justifies or recommends a particular course of action. Most social partners want to collaborate with the government in designing and implementing appropriate national programmes that will have social significance. To help social partners in developing an effective position paper, the following assistance should be provided:

- A template of a position paper to highlight discussions, recommendations and decisions made by a social partner at satellite workshops, with the following headings as a guide:

Introduction:

- introduce the topic;
- provide background on the topic to explain why it is important;
- results of discussions and any consensus decision-making by a social partner;
- assert the social partner's point of view; and
- highlight any counter arguments.

Your position:

- provide your argument point by point, based on discussions with all participants involved with your perspective; and
- provide your recommendations for a proposed unemployment insurance system.

Conclusion:

- summarize and restate your position and recommendations.

Tip box 3.5 (cont.) What is a position paper?

Other assistance that could be provided to social partners by an organizer of a consultative process includes:

- provision of background information on the purpose and objective of the new social programme;
- help in establishing satellite workshops for each social partner to obtain feedback from as many representatives as possible (multiple workshops might be required to obtain the widest consensus possible from the social partner);
- retain a facilitator to conduct the workshops to focus on the objectives and recommendations for a new unemployment protection scheme; and
- select a facilitator to control the discussions and establish meaningful dialogue.

M3.2.c Discussion: Severance pay and unemployment benefits: Similarities and differences of each provision

Severance pay is compensation that an employer provides to an employee who has been laid off, whose job has been eliminated, who through mutual agreement has decided to leave the company or who has parted ways with the company for other reasons. It compensates an employee for loss of seniority and job-related benefits. It also recognizes an employee's years of service or tenure. Some countries have legal provisions and/or collective agreements protecting workers or are provided for in a written contract of service. Typically, severance pay amounts to a week or two of pay for every year that an employee was with the company.

Both the severance pay and unemployment benefits provide financial assistance to terminated employees. However, severance payments only acknowledge years of tenure while unemployment benefits compensate for the loss of earnings. Severance payments and unemployment benefits are distinguished by their legal basis; for instance, severance pay typically falls under legislation on employment and is not pre-funded, while unemployment benefits are covered, in most countries, by legislation on social security.

Another major difference is that severance payments do not link to re-employment support policies, while the second objective of an unemployment insurance scheme is to assist workers in returning to work quickly. As a consequence, severance indemnities are paid whether or not an unemployed person finds subsequent work. Unemployment benefits cease once gainful employment is secured. Similar to unemployment insurance benefits, severance payments usually do not apply if a worker was fired for misconduct, which might prompt some employers to make unfair and unsubstantiated claims of employee misconduct to terminate a worker so that they thus do not need to compensate.

Severance payments are often not guaranteed when an enterprise goes bankrupt because debts with creditors are cleared first. On the other hand, unemployment benefits are predictable and guaranteed by the State.

An unemployment insurance scheme would, in principle, be less costly because it only pays benefits to unemployed workers and provides them with only partial income replacement, whereas a universal payment of retrenchment benefits is at full salary rates. Yet, unemployment insurance benefits could be more expensive to the extent that a proportion of unemployed workers, especially workers having worked only one or two years, might receive payment for a longer period than would otherwise be covered by retrenchment benefits. It is probably impossible to anticipate how these opposing factors will play out over time and over a business cycle because economic conditions may vary widely and unpredictably.

Overall, severance payments are less reliable and effective than unemployment insurance benefits in protecting workers against the financial impact of job loss (tip box 3.6). Their actual payment depends on an employer's financial capacity and on a worker's capacity to enforce payment, which could and is often problematic, while the unemployment insurance fund is secure in that the State will provide additional funds in emergency situations.

Tip box 3.6 Shortcomings of severance payments

In a 2011 World Bank study highlighting shortcomings of severance payments, one of the main problems cited was the different types of cash payments. Such terms include dismissal compensation, redundancy compensation, termination benefits, seniority pay, indemnities and leaving allowances. Severance payments thus seem to serve multiple concurrent functions. One of the interesting findings of the World Bank study is that severance pay schemes of industrialized countries offer fewer restrictions on employers than those in developing and transition countries: They may offer less generous payments, but they are simpler to administer and hence generate lower costs. According to the study, the absence of unemployment benefits in low- and middle-income countries often leads to high employment protection through mandated severance pay as well as strict dismissal rules. In contrast, costs or contribution rates for unemployment insurance, especially in countries with low unemployment rates, are reasonably low.

World Bank: *Severance pay programs around the world – History, rationale, status and reforms* (Washington, DC, 2011), <http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Labor-Market-DP/1111.pdf> [accessed 7 June 2016].

In Malaysia, severance payments are equated to retrenchment benefits paid by an employer when a termination of employment occurs as a consequence of business closure, restructuring, reduction in production, a merger, a takeover, technological changes, an economic downturn or other similar circumstances. Minimum retrenchment benefits have existed in Malaysia since 1980 under the legal provisions, but more generous conditions can be provided by employers, whether agreed to on an individual or collective basis. However, many employers fail to meet their obligations in providing these payments often due to financial pressure caused by an economic downturn at the global level. This situation eventually led the Government to search for more effective alternatives to retrenchment benefits and better social protection of workers, especially in times of crisis.

Tip box 3.7

Severance payments and unemployment benefits, review of country practices

How do countries with unemployment insurance schemes treat severance payments if and when they are paid?

In Argentina, Chile and Thailand, unemployment insurance schemes do not take severance payments into account, so unemployment insurance benefits are paid in full even in the presence of legally mandated payments to terminated workers.

In Canada and some US states, severance payments are deducted from unemployment insurance benefits otherwise payable, acting to delay the start of an unemployment insurance claim. This would not be the case in all US states, however, because some state laws consider severance payments to be entirely attributable to prior service and the monies allocated to the period of employment.

Under the unemployment insurance scheme in Mongolia, the start of unemployment insurance benefits is deferred until after the last payment of the “firing allowance”. In Viet Nam, employers had to provide severance payments for service up to 1 January 2009 but no longer need to do so for any employees who are covered under the unemployment insurance scheme.

France is somewhat midway in this debate because its unemployment insurance scheme defers the start of the benefit period for unemployment insurance, although only to the extent that the amount of dismissal payment exceeds the legally mandated amount.

Source: J. Carter, M. Bedard and C. Peyron Bista: *Comparative review of unemployment and employment insurance experiences in Asia and worldwide* (Bangkok, ILO, 2013).

M3.2.d Country experiences: Facilitating a national dialogue for the introduction of unemployment insurance

Malaysia

The Government of Malaysia has embarked on a journey to transform the country to a high-income economy by 2020, expressed through its New Economic Model in 2010 (see country box 3.2). One of the highlights of the New Economic Model is the development of human capital, which includes flexible hiring and firing rules for employers and, at the same time, enhancing the workers' safety net through the introduction of unemployment insurance along with integrated employment services.

In early 2012, the ILO reached an agreement with the Government to provide expertise through the Project Supporting and Facilitating the Design of an Unemployment Insurance System in Malaysia. The project was divided into two phases:

Phase I: Facilitate a national consensus on the possible introduction of employment insurance in Malaysia.

Phase II: Conduct feasibility studies to define the parameters of a possible employment benefits system, based on actuarial and legal assessments, as well as the proposed institutional set-up for its implementation, including links with employment and skills development programmes.

The Ministry of Human Resources first established a Tripartite Project Committee (TPC), composed of representatives of the Government, employers and workers. The TPC mandate is to inform the respective groups of the progress of the consultation process; share background knowledge, the purpose and objectives of the proposed unemployment insurance system; and convey a consensus on the position of each group to the TPC. In this consultation process, the Malaysian Employers' Federation was recognized as representing all employers and the Malaysian Trades Union Congress

assumed the role of the workers' representative in the TPC, which was chaired by the Chief Executive of the Social Security Organization.

In phase I, a national workshop was organized in Kuala Lumpur (in May 2012) with 210 participants comprising government officials, employers' and workers' representatives and academics. Several options were proposed and discussed in that national workshop and in two ensuing regional tripartite workshops with government agencies, social partners and experts. Figure 3.3 summarizes Malaysia's proposed options for the employment insurance programme that emerged from the national dialogue, which incorporated three pillars.

Figure 3.3: The proposed options for the employment insurance programme in Malaysia

	Option 1	Option 2	Option 3
Pillar 1: Compensation for loss of income	Unemployment insurance (unemployment insurance)	Unemployment insurance (unemployment insurance)	Unemployment insurance (unemployment insurance)
Pillar 2: Employability and business protection		+ Active labour market programmes	+ Active labour market programmes
Pillar 3: Acknowledgement of tenure			+ Savings accounts

Source: J. Carter, M. Bedard and J.M. Keyes: *Supporting and facilitating the design of a unemployment insurance system for Malaysia* (Bangkok, ILO, 2015), http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_375187.pdf [accessed 20 Nov. 2016].

The TPC attained consensus on the following main elements of the proposed unemployment insurance programme (Pillar 1):

- Coverage: all private sector salaried employees and apprentices under a contract of service of any type or duration.
- Qualifying conditions: 12 months of contributions in the past 24 months and termination must be involuntary.
- Benefits: a replacement rate of 40–50 per cent and a duration of three to six months.
- Entitlement conditions: jobseekers must register at the employment office upon termination and report monthly on their job search activities.

The second element to which the TPC agreed consisted of active labour market policies (ALMPs, Pillar 2) regarding such issues as counselling, placement, mobility assistance, vocational training and retraining.

To provide an additional offset to phasing out retrenchment benefits, the TPC requested that the possibility of introducing an employer and worker-funded savings plan (Pillar 3) to recognize tenure be examined.

The TPC decided to proceed with phase II of the project, with a feasibility study conducted for options 2 and 3.

During a two-day technical workshop in Kuala Lumpur (October 2013), the findings of the feasibility study were discussed. The main points highlighted were:

- articulation of the employment insurance laws with the existing legal framework, in line with the international labour standards;

- mechanisms to address specific needs and circumstances of vulnerable workers, including short-term contract workers and migrant workers;
- building the institutional set-up of the proposed employment insurance system with existing government agencies and reinforcing their capacities;
- moderate cost of pillars 1 and 2 of the employment insurance system; and
- challenges of setting up pillar 3.

The challenge in reaching consensus on the introduction of unemployment benefits in Malaysia centres on the amendment of the retrenchment benefits provisions. Employers support the substitution of retrenchment benefits by unemployment insurance, whereas workers remain attached to the retrenchment benefits as recognition of the years of tenure in an enterprise, with unemployment insurance benefits considered as a compensation for loss of employment. Negotiations on the unemployment insurance are ongoing.

Philippines

Despite high economic growth in the Philippines over the past few years, structural unemployment and underemployment have remained high. Underemployment is particularly high among young people and poor and poorly educated workers. Many people in the informal economy are vulnerable to economic and social risks, especially those in the agriculture and service sectors. According to the 2011 Labor Force Survey, the Philippine labour force comprised about 40 million people at that time, which included 2.8 million unemployed people. The Government has since wrangled with the question of who among these people should be prioritized in relation to social protection and employment support interventions. The Department of Labor and Employment decided to focus, among other policy priorities, on self-employed and unpaid family workers in the informal economy.

The Government's Enhanced Social Protection Operational Framework and Strategy contains four core areas of intervention: social insurance, labour market interventions, social safety nets and social welfare. The social security system provides benefits for medical care, sickness, employment injury, disability, old age, maternity and death of the breadwinner. However, about 2.5 million vulnerable workers (and 1.8 million underemployed self-employed workers, among them) are without protection and have been made part of the national priority. Severance payments provide for at least one month of pay and an additional half to one month of pay per year of service, depending on the cause of retrenchment.

Existing active labour market programmes aim to enhance the employability of vulnerable workers through training, support for entrepreneurship and skills development measures (in 2012, these programmes reached 307,221 beneficiaries) as well as job search assistance, career guidance, counselling and job placement services (reaching 1.4 million beneficiaries in 2011). Over the past three years, the Philippines targeted the inclusion of underemployed, self-employed workers and unpaid family workers in social protection and employment support measures.

In parallel, discussions over unemployment insurance have been ongoing for more than a decade. The ILO commissioned a feasibility study in 2010, and tripartite consultations were conducted on the introduction of unemployment insurance. The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) also studied the feasibility of introducing an unemployment insurance in 2015–16, and negotiations to implement unemployment insurance remain ongoing. The design features include the coverage of public and private sector employees, totalling approximately 8 million people.

The major challenge to the introduction of unemployment insurance in the Philippines is in reaching consensus between the Government, employers and workers on the parameters of the unemployment insurance scheme, especially related to the financing aspect.

Thailand

Thailand established a social security system 20 years ago, with unemployment insurance joining the

Social Security Fund in 2004. The fund is administered by a tripartite committee. The process of implementing took about two years after the Government decided to survey Thai citizens on whether or not to implement unemployment insurance. When the results were 60 per cent in favour of such provision, the Government proceeded with unemployment insurance, although employers were not in favour of it.

Viet Nam

Introduction of unemployment insurance in Viet Nam was discussed for almost a decade before the parties finally agreed on the features of the scheme in 2009. Among other issues related to parameters, discussions on the future of the severance pay involved the Viet Nam Chamber of Commerce and Industry, the Viet Nam General Confederation of Labour and the Government. They social partners finally agreed that Viet Nam will introduce a grandfather clause to maintain the right to severance payment for those who have accumulated years of tenure. New workforce entrants will be covered only by the unemployment insurance laws. A Social Insurance Law was introduced in 2006 and has been in effect since 2009 (and includes provisions for a tripartite board). The law is the result of nearly a decade of extensive tripartite consultations.

Similar tripartite consultations took place in 2012–13 when the Government proposed to merge the unemployment insurance law with a new Employment Promotion Law. The Employment Promotion Law adopts an integrated approach that links unemployment insurance benefits, employment services, vocational training, a public employment programme and an employment retention programme.

Session M3.3: Shaping recommendations and options for improving unemployment protection

M3.3.a Practice session: Through a case study exercise, identify gaps, implementation issues and needs, and then determine the possible options

Practice session



Session 1: Stock-taking of social protection and employment support policies, programmes and measures

This session is a group activity, wherein five groups engage in a case study exercise. Five cases have been developed that describe the policies, programmes, interventions and problems related to employment protection in a fictitious country called Coresia. Each case deals with a different aspect of unemployment protection.

The participants are distributed into groups with five to six people each, with an adequate mix of people from different institutions, backgrounds and countries and people with experience in the specific area.

- Group No. 1** Case study No. 1: Providing unemployment insurance and non-contributory income protection for all in Coresia
- Group No. 2** Case study No. 2: Introducing employment insurance linked with active labour market policies in Coresia
- Group No. 3** Case study No. 3: Providing income support and employment guarantee to the youth in Coresia
- Group No. 4** Case study No. 4: Providing basic income security and enhancing skills in rural Coresia
- Group No. 5** Case study No. 5: Promoting skills development and access to decent jobs for all in Coresia

To start, participants are encouraged to read the case studies individually. Ideally, they may even be provided with the material a few days before the training so that they can familiarize themselves with the content. Otherwise, during the group activity, they are given 30 minutes to read the case studies. Following that, each group discusses and makes an inventory of the social protection and employment support policies, programmes, schemes and measures in Coresia. Each group selects someone to facilitate the discussion to ensure that it does not move off track. It is recommended to nominate a facilitator with some expertise of the topic who can also further guide the identification of recommendations and practical scenarios of a range of options.

Each group is provided with a blank assessment matrix (below). One person from the group notes down the inventory of existing provisions in the assessment matrix. In this session, the first two columns are filled.

ASSESSMENT MATRIX

Group: “.....”

Government strategy	Existing provisions	Challenges		Recommendations
		Policy gaps	Implementation issues	

The first column is to note down what the Government of Coresia foresees in its national strategy or plan, with respect to the theme of that particular case. The second column is to inventory the existing and planned social protection and employment support schemes, programmes, measures and services. The inventory covers the following aspects of programmes or services:

- name of the programme or scheme;
- supporting law;
- launching date;
- target group;
- benefits provided (amount, duration, etc.);
- qualifying conditions;
- institution responsible for its implementation, at the central and local levels;
- sources of financing; and
- actual coverage, targeted coverage (if stated in the policy documents).

A sample solution of the assessment matrices for the five case studies is attached to the module. This solution is just one of several possible solutions and is in no way unique. It may be used as a guide to conduct the training course. However, while conducting discussions on the cases, new ideas and recommendations may emerge that are not part of the sample solution. During the group activity, participants should be encouraged to brainstorm and let the discussion flow naturally. While facilitators may be present in each group to ensure that the discussion moves on track and according to the allotted time, they need not necessarily exercise control over the flow of the discussion.

Session 2: Identification of social protection and employment support needs, policy gaps and implementation issues

During this session, the five groups continue within the case study discussions and with completing the assessment matrix. In this session, they fill the third and fourth columns of the matrix (policy gaps and implementation issues).

While identifying policy and implementation gaps, groups may refer to the content of the cases and attempt to identify the problems and obstacles by answering the following questions.

Policy gaps:

- Are all potential beneficiaries in the country covered by the law? If not, who is not covered?
- Does the country have a legal framework to guarantee access to social protection and employment support benefits?
- Does the country have rules and regulations in place to ensure that the law can be implemented?
- Are there any schemes that exist as a pilot or on an ad hoc basis, without legal support?
- Is the level of protection adequate and adapted to the needs of the target groups?
- Are the benefit packages clearly defined?

Implementation issues:

- What is the proportion of the population that is entitled to benefits but still without access?
- Is the supply of services adequate throughout the country?
- Is the population aware of existing schemes and services and of their entitlements?
- Are the programmes and services efficiently managed?
- Are the programmes and services sufficiently staffed?
- Are there reliable management information systems in place?

During each group discussion, participants should be encouraged to voice their opinions of the situation in Coresia and draw from their personal experiences as well in the identification of challenges and issues. In reality, the identification of policy gaps and implementation obstacles is hardly a straightforward process. Though some problems may be identified in available reports and documents, consultations and national dialogue involving all stakeholders largely generate a more comprehensive compendium of problems.

M3.3.b Practice session: Using the case studies to determine a range of options that are in line with Convention No. 102, Convention No. 168 and Recommendation No. 202

Practice session



During this session, the five groups complete the case study and assessment matrix by filling in the last column for recommendations. The nature of recommendations flows from the previous exercise aimed at identifying gaps and issues (participants now try to frame recommendations and a range of policy options that will address the gaps and issues). Although the groups are like stakeholders in a country who can give a holistic perspective on behalf of different actors, the participants can relate to experiences from their own country and thus what recommendations their policy-makers would be likely to adopt. The recommendations should aim to guarantee a minimum level of unemployment benefits to the population (in this situation, the context of Coresia). Participants may also make recommendations on which they will focus and continue advocating for with their government.

M3.3.c Practice session: Discussing specific needs of certain groups to ensure that the schemes are inclusive (migrant workers, women, persons with disabilities, youth)

Practice session



This session highlights the special needs of specific groups identified through the case study. These groups are, for instance, migrant workers, women, persons with disabilities and youth.

Migrant workers face specific challenges in accessing social protection. In some countries, documented migrant workers are not legally covered by the social security law of the country of destination, yet they lose their entitlements in their home country. Even when legally covered, persistent barriers obstruct migrant workers' access to social security benefits, such as lack of coherence among social security and immigration laws and lack of information. Undocumented migrant workers (often domestic workers, seasonal workers, informal economy workers, construction workers, plantation workers, etc.) remain excluded from existing social assistance and social insurance schemes.

Country box 3.3

The situation of migrant workers in Thailand

Migrants coming from Cambodia, the Lao People's Democratic Republic and Myanmar can enter Thailand: (i) through the memorandum of understanding (MOU) importation process, which is a legal framework between Thailand and these three countries for low-skill migrant workers to enter and work in Thailand legally; or (ii) without work permit.

Under the MOU, migrant workers receive a two-year work permit (renewable once). If employed by a formal sector enterprise, they are entitled to the same social security rights as Thai workers under the Workmen's Compensation Fund and the Social Security Fund (section 33 only). Migrant workers without a work permit can register for temporary stay with the Ministry of Interior as "registered migrant workers". Enrolling in the Compulsory Migrant Health Insurance programme is part of the registration process. The health insurance scheme was established by the Announcement of the Ministry of Public Health on Health Check-up and Health Insurance for Migrant Workers from Myanmar, Lao People's Democratic Republic and Cambodia in 2009. For a contribution of THB1,900, migrant workers are entitled to a health screening and health insurance. In addition, the insured person must pay THB30 per hospital visit when they use a curative care service.

Source: V. Schmitt: *Assessment-based national dialogue in Thailand* (Bangkok, ILO, 2013).

Young people rarely qualify for unemployment insurance benefits because they have not worked or have worked for short periods of time in formal employment. They also face difficulties in the transition from school to work and in acquiring their first working experience. Due to skills mismatch, young graduates also often lack practical and/or soft skills sought by enterprises or needed for entrepreneurship. For all these reasons, their integration into the labour market is challenged, with young people five times more at risk to be unemployed than adults in the ASEAN region.²⁸ Rural youth are particularly vulnerable due to their lack of access to educational and employment opportunities. Consequences of youth unemployment and underemployment are far-reaching and long term for social protection, such as a delay in entering formal employment reduces average lifetime wage and pension savings. Thus, the ILO adopted a resolution to tackle the youth employment crisis during its 101st International Labour Conference (in June 2012).²⁹

Societal gender bias and discrimination are the main factors behind women's restricted access to income security and employment. First, women are often relegated to perform informal and/or self-employed work, with limited or no access to social protection. This along with the lack of accommodation for maternity, child care and older person-care responsibilities tend to preclude their ability to attract and commit to full-time formal employment. For South-East Asia, the global economic crisis between 2008 and 2012 also reversed the pre-crisis trend of a narrowing gender gap in unemployment.³⁰

Persons with disabilities are among the most vulnerable and marginalized in the world. En masse they form a heterogeneous group, ranging from persons with physical, sensory and intellectual and psychosocial disabilities of varying degrees. Many do not enjoy equal opportunity to education, training and employment opportunities. Rehabilitation programmes for workers following an injury or illness to return to work exist only in some countries, such as Malaysia's Return to Work Programme that covers workers under its social security scheme (see country box 3.4).

²⁸ ILO: *Global Employment Trends for Youth, 2015* (Geneva, 2015).

²⁹ ILO: *The youth employment crisis: A call for action, Resolution and conclusions of the 101st Session of the International Labour Conference* (Geneva, 2012), http://www.ilo.org/washington/WCMS_185950/lang-en/index.htm [accessed 7 June 2016].

³⁰ ILO: *Global Employment Trends for Women* (Geneva, 2012).

Country box 3.4

Return to Work Programme in Malaysia

Tackling the rising trend of workers suffering from disability due to work-related injuries and diseases, the Malaysian Social Security Organization introduced the Return to Work Programme in January 2007. The programme is facilitated by case managers and job placement officers and consists of a combination of medical and labour market interventions. The medical interventions are designed to increase the functional and mental capacity of an individual following a work-related injury or illness in order to return to the same job or to a similar or different job with the same employer; however, labour market interventions are also taken into consideration to increase the employability or capacity for gainful employment of insured persons who are unable to return to work with the same employer.

The Return to Work Programme has a significant role in economic empowerment among persons with disabilities through employment after rehabilitation. It contributes towards increasing the economic and social independence of persons who have been injured and simultaneously contributes to the country's productivity.

Through the Return to Work Programme, the Social Security Organization embarked on a paradigm shift whereby it would no longer be recognized as an institution that provides compensation only but also as an entity that offers better social protection to insured persons through a comprehensive and integrated approach.

Source: M. Mohammed Azman Bin Aziz: "The return to work programme in Malaysia – Investing in people", in *International Journal of Disability Management*, vol. 9, 2014, <https://www.cambridge.org/core/journals/international-journal-of-disability-management/article/the-return-to-work-programme-in-malaysia-investing-in-people/32AE101F9AF12DABBE8AAE00F0127043> [accessed 20 Nov. 2016].

For most persons with disabilities, access to income security and employment is typically limited by the lack of enabling legislation, effective policy implementation and enforcement measures.³¹ Instead of perceiving disability as a medical condition, a human rights-based approach highlights the importance of the social inclusion of persons of disabilities. This involves removing physical and non-physical barriers that prevent their access to public services and facilities, such as employment services centres, vocational training and social security offices. In addition to providing information and services (vocational training and entrepreneurship support) that are tailored to their needs, the front-line staff should possess the soft skills necessary for this group of special needs.

For all these vulnerable groups, promoting equal treatment for equal work remains challenging. Specific measures and arrangements are needed so that all works can fully benefit from social protection and employment promotion policies existing in a country.

³¹ ILO: "Fact sheet – Promoting the employability and employment of people with disabilities through effective legislation" (Geneva, 2009).

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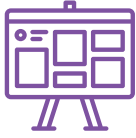
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MODULE 4:

Institutional set-up of an unemployment protection scheme

Who will be responsible for what in the implementation of an integrated unemployment protection scheme?

Objectives of the module

- Examine country experiences to see the benefits of improving integration of social security and employment support services.
- Review and assess the existing programmes and institutions or departments providing support to unemployed workers (income assistance, vocational training, employment support and so on).
- Propose an effective institutional set-up for a combined package to better support unemployed workers.
- Determine a proper lead ministry or department for national collaborations in developing policies and dealing with legal issues, office procedures and workflows.
- Guide the development of a communication strategy and campaign for workers, employers and the general public on the unemployment protection scheme.

Estimated duration of the module: 3 hours and 30 minutes. The module can also include a half-day visit to an employment service centre.

Content

Session M4.1 (1 hour and 30 min.): Coordinating unemployment benefits (income replacement) with employment promotion policies and programmes

- M4.1.a Presentation:** The need for coordinating social protection and employment policies as part of the establishment of a social protection floor
- M4.1.b Practice session:** Selecting the appropriate institutional set-up for an unemployment protection scheme

Session M4.2 (2 hours and study visit): Integrating the delivery of a combined package of unemployment protection

- M4.2.a Presentation:** Integrating the delivery of unemployment protection services through a single-window service and e-governance
- M4.2.b Country experience:** Mongolia as an example of a one-stop shop for delivering social protection benefits and employment services
- M4.2.c Country experience (study visit):** Provincial Labour Office of Ayutthaya, Thailand

Checklist of questions that are answered through the module

- ✓ What are the benefits of coordinating and integrating unemployment benefits (income replacement) with employment promotion policies and programmes?
- ✓ What are the advantages of the single-window service or one-stop shop approach in the implementation of unemployment protection schemes and services?
- ✓ What institutions would best serve the implementation of a new unemployment protection scheme in a developing country?
- ✓ Why is it important to develop a full communication strategy prior to launching a scheme for the collection of contributions and the implementation of an unemployment protection scheme?
- ✓ What methods are effective in educating employers on unemployment benefits issues? And who should be responsible for the communication campaign?
- ✓ What functions are required for the implementation of a new unemployment protection scheme?
- ✓ How can we determine the most effective existing institutions using a mapping process?
- ✓ Should a government select an existing institution or establish a new department or agency to implement a new unemployment protection scheme?
- ✓ To what extent should the government invest in an effective and efficient computer system and an internet or intranet information system?

Training methods: Presentations, country experiences, group discussions, exercises based on the Coresian context and the development of a matrix of institutions and agencies with functional experience. This module can also include a study visit. During the course in 2013, the participants visited to the Provincial Labour Office of Ayutthaya, Thailand; and in 2015, course participants visited the Job Center in Sri Putrajaya, Malaysia. Such a learning-by-seeing approach is highly encouraged for this module.

Material to be distributed to participants (attached to the module): List of definitions, brochures and fact sheets on one-stop shop of Mongolia.

Physical media required: Writing paper and pens, chart paper, coloured cards, coloured pens, board to pin up chart papers, white board, markers, laptops, LCD projector and sound system.

Challenges: The trainer must emphasize that one size doesn't fit all when identifying existing institutions to carry out the various unemployment protection functions. At the initial phase of the study of the unemployment protection scheme design, a field review of existing institutions is recommended to analyse in more depth the operational delivery system of each institution that is involved with social insurance and non-contributory programmes. Such a review helps in determining if existing institutions are suitable and effective to operate the proposed unemployment protection scheme in all its dimensions (income replacement and employment promotion). The field review also helps to highlight potential problems that might impact on a proposed unemployment protection scheme and help determine which institutions are effective in mitigating risks.

One of the most important factors when looking at existing institutions is how they manage collaboration with other stakeholders. And it is important to assess which departments or agencies regard unemployment protection as a positive factor in a country's social security system. There is also the challenge of utilizing existing institutions and integrating shared services, such as the monitoring of beneficiaries, case management issues and the payment of benefits. Creating a new department or organization in the delivery of the unemployment protection scheme is an option to also consider. For both alternatives, coordination in policies and integration of services are crucial to design and implement combined packages of social protection and employment promotion to lift and keep people out of poverty.

Session M4.1: Coordinating unemployment benefits (income replacement) with employment promotion policies and programmes

M4.1.a Presentation: The need for coordinating social protection and employment policies as part of the establishment of a social protection floor

When implementing unemployment protection schemes, policy coordination is needed for at least three reasons:

- i. Unemployment protection is part of a nationally defined social protection floor and a comprehensive social security system (see Module 1). It is important to link unemployment protection measures with other social protection schemes to prevent duplication and promote complementarity of benefits among combined family support packages and throughout peoples' life cycle.
- ii. Many policy-makers and institutions are involved in the design and implementation of an integrated system of unemployment protection. Unemployment protection includes several elements or measures that require a great deal of collaboration with several policy-makers and decision-makers to ensure their effectiveness in:
 - protecting unemployed and underemployed workers and their families against poverty (income security);
 - facilitating workers' quick return to work (employment support); and
 - upgrading skills and capabilities for better employability in a changing labour market (sustainable employment).
- iii. Unemployment protection can be linked to economic development strategies via investment in human capital. Unemployment protection fosters economic growth by increasing productivity and employability, by developing new skills needed to adapt to changing economies and by supporting domestic consumption in times of economic downturn.

M4.1.b Practice session: Selecting the appropriate institutional set-up for an unemployment protection scheme

Principles of good governance and coordination, as recommended by the ILO instruments related to social security

To be effective, an unemployment protection scheme requires good governance. Governance can be enhanced through coordination mechanisms at the policy level led by a particular ministry or department. Article 72 of the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) recommends that States assume responsibility for sound governance, including consultations with employers' and workers' representatives in the operation and management of social protection schemes.

The sound management of unemployment protection schemes also requires the effective development and enforcement of legal frameworks (see Module 5) and an overall monitoring and evaluation system (see Module 8). This could involve several technical departments within the lead ministry and with other line ministries as well as the involvement of workers' and employers' representatives.

Establishing policy coordination and consultation mechanisms is recommended to ensure the effective design, implementation and monitoring of unemployment protection laws and schemes. It is also important to ensure sufficient coordination at the operational level. Some examples of operational coordination are detailed in this module, such as a shared database, a delivery facility and integrated front offices.

Selection of the lead ministry or government agency

For policy development and overall leadership of the unemployment protection scheme, most countries identify a ministry involved with social insurance affairs or labour. In Canada, for example, the department responsible for developing, managing and delivering social programmes and services is the Human Resources and Skills Development Canada. Service Canada, which reports to that department, is mandated to administer the package of Employment Insurance Regular Benefits (which includes unemployment allowance) and the Employment Benefits and Support Measures (which covers the training, self-employment, wage subsidies, job orientation and placement and labour market information).

In Viet Nam, the Ministry of Labour, Invalids and Social Affairs assumes the overall responsibility and management of the unemployment insurance scheme, with the Bureau of Employment in charge of processing claims for benefits (unemployment benefits, extension of social health insurance card and the training allowance). The Viet Nam Social Security is the entity responsible for collecting social security contributions, including unemployment insurance contributions, for paying unemployment benefits and for managing the unemployment insurance fund. Implementation of the unemployment insurance scheme in Viet Nam requires coordination between the Bureau of Employment and the Social Security Department. Yet improvements, notably through a more integrated database, are needed for better monitoring the return to work of unemployment insurance beneficiaries.

Review of institutional arrangements in other countries

Throughout the world, generally speaking, there are three major functions in the administration of unemployment benefits and ALMPs, which are:

1. collection of contributions for unemployment insurance schemes and taxes for non-contributory schemes;
2. receiving and processing applications for benefit (including participation in active labour market programmes; and
3. payment of unemployment benefits and delivery of other services (such as unemployment benefits, minimum living guarantee, allowances for training, training and employment support information and health insurance card) to eligible unemployed or underemployed workers.

Worldwide, 72 countries have implemented social insurance schemes and/or other support programmes for unemployed workers involving these three functions.

Generally, institutions, such as social insurance bodies or tax authorities, are charged with collecting either unemployment insurance contributions or general taxes that are then used to finance non-contributory unemployment benefits. Ministries of social security and/or labour (or their equivalent) are responsible for receiving and processing the claims for unemployment benefits (some are also involved in the payment of unemployment benefits, such as in Argentina, Canada, France and the Republic of Korea).

As noted, there are different ways of dealing with the payment function of benefits to those who are entitled to them. Some collecting agencies also can be involved in the payment of benefits, such as in Bahrain and Viet Nam. Social affairs and/or welfare ministries (or their equivalent) are usually responsible for paying non-contributory benefits. Labour and/or vocational training ministries are typically in charge of delivering employment and training support services.

In terms of the administration structure of an unemployment protection scheme, one size does not fit all. It is required that each country review and analyse existing institutions to determine the most effective way of administering an unemployment protection scheme, including the feasibility of establishing a new department or agency. Integration of the unemployment protection scheme into an existing institution could lead to some savings by sharing some maintenance and administration costs.

There is also the case of one institution taking responsibility for all three major functions to better manage the scheme.

Some countries, like Mongolia, have three separate entities involved in the administration of the unemployment insurance scheme. In Mongolia, for instance: (i) the Social Insurance General Office for the collection of contributions; (ii) the Labour Exchange Office, which accepts and processes unemployment insurance claims; and (iii) the Ministry of Population Development and Social Protection makes the benefits payment on behalf of the Social Insurance General Office. The Labour Exchange Office is also responsible for delivering services that promote re-employment and employability, including life-long vocational training, training to start up own businesses, job fairs and job counselling. It is also responsible for facilitating the participation of insured unemployed workers in programmes offered by vocational training centres and by employers (including financial support for covering partially or fully the fees during the unemployment benefits period, up to six months).

Establishing an unemployment insurance fund and board of administration

Contributions and benefits payments are processed through an unemployment or employment insurance fund, supervised by a board of administration that reports annually to the government and the protected persons on the successes or failures of that fund. The government usually invests budget surpluses and covers any shortfalls on behalf of the board.

The board of administration usually comprises government officials involved in the administration of the unemployment protection scheme as well as employers' and workers' representatives. Article 29³² of the ILO Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168) (as well as Article 72 of ILO Convention No. 102) states that representatives of protected persons and employers must be associated with the administration of an unemployment insurance fund. The tripartite nature of the board provides effective leadership and transparency in the overall administration of the unemployment protection scheme. In some instances, other ministries involved in the delivery of support services to unemployed and underemployed workers, such as training and job matching, academics and social insurance experts, could be included as board members.

While tripartite participation is well recognized in the administration of an unemployment insurance scheme based on contributions by employers and workers; such participation is often neglected in the design and administration of other unemployment protection schemes, such as social assistance allowance and/or active labour market programmes. Nevertheless, as the main recipients of the support provided by these schemes, either as an unemployed person or as an employer seeking for specific skills from the labour market, both must take part in the decision-making process.

Methodology of the mapping process

Institution mapping and/or analysis is an important step in any feasibility study for a proposed unemployment protection scheme. For strategic and tactical purposes, it provides an inventory of institutions and agencies involved in social insurance, social assistance, employment services, skills development and entrepreneurship support. It also enables identifying key players to consider for the board of administration and management of the scheme; selecting the effective ministry to administer the scheme's policies and procedures; assessing potential support or opposition; and highlighting the relevant institutions' roles and inter-institutional linkages.

Once the mapping of institutions is completed, the next step is to compare the inventory of institutions to the various functions required to run an unemployment benefits and employment support scheme. This process highlights which institutions could be considered for responsibility of specific functions of the unemployment benefits delivery scheme and any active labour market programmes.

It also identifies important links between institutions and agencies within the public and private sectors that need to collaborate in the delivery of unemployment benefits and employment promotion schemes.

³² Article 29, Convention No. 168: 1. When the administration is directly entrusted to a government department responsible to Parliament, representatives of the protected persons and of the employers shall be associated in the administration in an advisory capacity, under prescribed conditions.

The mapping process also helps determine any potential risks or negative issues that could adversely impact on the establishment of an unemployment protection scheme. For instance, by conducting a field review of the proposed institutions to be involved in the implementation of the future unemployment protection scheme, attention is given to finding the potential pitfalls in the development of a new unemployment protection scheme by existing institutions.

The mapping process also allows opportunity to examine the relationship of stakeholders, including social partners, to the government. This exercise will highlight any concerns relating to newly enacted legislation impacting on the existing institutions and ultimately the development of a proposed unemployment protection plan.

Once the mapping process is completed, it is advisable to have a stakeholder meeting to discuss the results to ensure they are correct and obtain any additional information that could be useful in deciding the most effective method of delivering unemployment benefits.

Practice session



Objective: The exercise stimulates comparison of the inventory of institutions to the various functions of the unemployment protection scheme and determining what needs to be enhanced in the institutional framework in order to operate the unemployment protection scheme.

Exercise: Participants are asked to form into their respective case study group and, for each of their proposed range of options for the fictitious Coresia, follow the steps of the institutional mapping process:

1. Draw a list of functions required to operate the unemployment protection scheme that has been proposed by the fictitious Tripartite Project Committee for Labour and Social Security (TPC-LSS) of Coresia. The inventory of functions should cover the management of the unemployment benefits and employment support services.
2. Examine public and private institutions and agencies existing in Coresia, and determine if any unemployment protection functions could be carried out within their framework. Suggest possible collaboration among and between public and private entities to provide the most effective service to beneficiaries. Policies and procedures can be utilized from existing institutions as well as any integrated workflows between existing schemes and the proposed unemployment protection scheme. Integration with existing information technology systems (including the registry of beneficiaries) should be examined for effective implementation.
3. Identify any potential risks or negative issues that could adversely impact on the establishment of the unemployment protection scheme, such as the lack of trust given to public employment services in the delivery of services, the need for human development capacity or the scarcity of public social security and employment services across the country.
4. In a simulated meeting of the TPC-LSS, discuss and agree on a possible institutional set-up for the proposed unemployment protection scheme.
5. Also discuss and agree on a possible ministry to be responsible for policies and procedures of the unemployment insurance scheme and identify potential board members for the administration of the unemployment insurance fund.

Material: Handout 4-1

Time frame: 45 minutes for group discussion. The results of each discussion are presented in plenary during the final session of this course, as part of the overall design of the proposed scheme.

Review quiz



Provide review quiz to participants and discuss appropriate answers.

Ask participants to review the material addressed in the session by taking the quiz.

Material: Handouts 4-2, with answers to the review questions.

Session M4.2: Integrating the delivery of a combined package of unemployment protection

M4.2.a Presentation: Integrating the delivery of unemployment protection services through a single-window service and e-governance

In showcasing initiatives developed in South-East and East Asian countries, this session discusses the approach of the single-window service to overcome challenges of implementing integrated social services.

The single-window service approach, an effective and efficient way to improve the quality and reach of services

Governments are more than ever committed to rethinking the way they conduct their business and to providing their populations with excellent services at reasonable costs. They are coming under increasing pressure to balance budgets and provide quality services to all in need as well as to innovate and modernize their systems. Any well-run organization would endeavour to do so. Various countries have already undergone transformational exercises to automate, standardize and simplify their processes to facilitate access and enhance services while reducing costs. In rethinking the way of doing business, many countries have initiated one-stop shops for their populations to access government programmes (integrated front office) as well as integrated back-end delivery services. Integrated services allow governments, ministries and departments responsible for the delivery of social insurance or assistance programmes and employment services to share financial and human resources through a single-window service. This approach is a one-stop shop for the delivery of social protection schemes and employment services. Under the single-window service, ministries, departments and agencies offering social insurance, social assistance and public employment services are encouraged to collaborate to jointly implement automated services that will improve client services and reduce costs.

Already, many governments worldwide have adopted a single-window service approach, encompassing all social services or only selected ones, to eliminate inefficiency and ineffectiveness in government procedures and to decentralize and improve the reach and coordination of services.

Embedded in government institutions and operated by the subnational administration, the single-window service improves coordination between the local level (responsible for service delivery) and the central or national level (responsible for policy development, planning, monitoring and evaluation).

Operations at the subnational level are linked to the central level via a formalized reporting system. This reporting mechanism ensures transparency and traceability of the social protection system, and thus it can also effectively control fraud and protect the integrity of funds (such as the unemployment insurance fund).

However, governments are also facing challenges related to the technical aspects of the single-window system and the organizational, inter-organizational, managerial, financial, political, legal, national and international settings. Therefore, there is a need to develop a strategic framework that will inform on how the implementation challenges should be systematically addressed. Some of these challenges include interagency collaboration, business process analysis and simplification, data harmonization, interoperability and a legal framework.

The essential role of information technology, e-government services and the internet in the development of an effective unemployment protection scheme

Information technology (IT) and strategic e-government business plans have an essential role in the development of an efficient modern-day unemployment protection scheme, as well as any other social protection scheme. In many countries, the focus of the delivery of social security programmes is centred more on individuals, which allows for more electronic interaction and provides faster, more convenient and more responsive client service.

The introduction of information technologies and a systematic electronic database allows for better monitoring of beneficiaries and evaluation of a scheme's impact on individual employment situations and poverty alleviation.

Therefore, a crucial factor to be considered by a country when assessing the feasibility of an unemployment protection scheme relying, even partially, on electronic services is the level of development of the computer system to be used for the administration of social insurance, social assistance and active labour market programmes. A system to electronically process claims for benefits is of critical importance but remains a major challenge in many developing countries. To ensure the proper flow of information across different levels of administration (central and local, and different institutions), internet coverage is also a critical factor, especially in rural areas.

A further step of development of an IT system is to open interfaces for users of the system, such as employers and beneficiaries.

Several countries in South-East Asia have existing social insurance schemes with an effective computer system and e-tools for their citizens to access information on government web sites. In Malaysia, for example, the Social Security Organization has initiated a dynamic plan for enhancing its business activities through an IT project. This plan offers a number of improvements to an already effective system, including a central database for claims processing, with all branch offices connected to it via two broad bandwidths and three-second response times for users. Insured persons can use the "self-service" functions to register employers and employees with the Social Security Organization programmes and to pay contributions online. The Employees Provident Fund (savings accounts) has developed a sophisticated computer system utilizing electronic withdrawals by clients and smart card technology.

Viet Nam successfully implemented a new unemployment insurance scheme in January of 2010 without the support of a computer system, much to the credit of dedicated managers and staff. But they have since developed an unemployment insurance computer program (software), which has been implemented nationally to all employment service centres (takes applications and processes claims).

Launched in 2005 in India, LabourNet is a social enterprise that helps workers belonging to the country's large informal economy receive information about jobs and vocational training. LabourNet also provides workers with a registration card, which enables their access to health and accident insurance, social welfare schemes, bank accounts, self-help groups and welfare boards. The LabourNet centres are set up in rural areas and in small cities and enable access to skills training aligned with local market needs. LabourNet works with the local community to identify and register workers in the informal economy. The success of LabourNet lies in its ties with potential employers and the facilitation of internships, apprenticeships, contractual work and support for entrepreneurship. It also encourages social inclusion of its beneficiaries by providing them with practical information on how to live in the city. In 2015, LabourNet was active in 22 Indian states, and has, to date, provided its services to more than 76,000 unemployed, underemployed and working poor people.

Some lessons learned and recommendations to establish integrated IT systems

Governments should consider three essential features with an integrated IT system:

- i. the coherence between the business plan and the system's IT vision;
- ii. the collaborative work among ministerial departments and offices towards more efficiently and effectively serving the population and saving public resources; and
- iii. provisions for the respect of beneficiaries' dignity and right to privacy.

The business plan for the establishment of the unemployment protection scheme should encompass concise instructions on user requirements to efficiently carry out the policies and procedures of the scheme, such as procedures for registering applicants, processing claims for benefits and monitoring beneficiaries.

Initiatives in the private sector also should be closely examined for lessons learned and potential partnerships. For instance, in the region, JobStreet is a successful private enterprise involving job-matching activities between employers and jobseekers in eight countries (Malaysia, Singapore, the Philippines, India, Indonesia, Japan, Thailand and Viet Nam). Based in Malaysia since 1997, JobStreet reached 1.9 million local jobseekers and 11 million throughout Asia. They have registered 200,000 employers in Asia and report a total of 10 million visitors a month. They also provide in-person services, such as executive search, resume workshops and career talks. When discussing the modalities for implementing an employment insurance system in Malaysia in 2013, the TPC discussed the advantages of close collaboration between the Government of Malaysia and JobStreet to provide more effective government job-matching services for all Malaysians. In Malaysia, as elsewhere, online activity, either through JobStreet or government services, is expected to increase in the coming years as more consumers are connected to the internet and purchase smartphones, which are becoming more affordable.

M4.2.b Country experiences: Mongolia as an example of one-stop shop for delivering social protection benefits and employment services

In Mongolia, the country's small population (3 million inhabitants in 2016) is spread over a large area of land. The delivery of social services across a sparsely populated country is challenging and costly. As in many other countries, administrative procedures, registration to social programmes and claims for benefits are also often cumbersome in Mongolia, with a lack of coordination among several government departments.



▲ Delivery of social protection benefits at the One-Stop Shop service in Mongolia.

The Government included improvement of governance of public services as a key priority in its Economic Growth Support and Poverty Reduction Strategy (2003–07). In 2007, the Government started the establishment of One-Stop Shop (OSS) offices to deliver social and administrative services. The One-Stop Shops have been operational in all 21 provinces of the country since 2012. The services provided cover registration to social insurance and social welfare, civil registration, land administration, property rights registration, legal entity registration, tax office services and notary and bank services. The

first mobile One-Stop Shop was launched in Bagakhangai District along the railroad near Ulaanbaatar in 2011. Herders and railroad junction employees can now access government services, including social welfare, social insurance and civil registration.

In May 2013, the Government adopted a regulation to legalize the 21 One-Stop Shops. The regulation also provides a framework and guidelines to run the offices.

Video 4.1: The One-Stop Shop: The Mongolian experience for delivering social protection and employment services

(<https://www.youtube.com/watch?v=HCP9KBYWKG>)



M4.2.c Country experiences (study visit): The Provincial Labour Office of Ayutthaya, Thailand

The Ayutthaya Provincial Labour Office operates under the Ministry of Labour of Thailand and comprises a Labour Office, an Employment Office, a Social Security Office and a Labour Protection and Welfare Office, among other public services. During the pilot course when this unemployment protection guide and training package were tested in 2013, a field visit to the Ayutthaya Provincial Labour Office illustrated the single-window service approach for delivering social security and employment promotion services. The main functions provided by the employment office include domestic and overseas employment counselling services, vocational training and career guidance and maintenance of the foreign workers system. The Social Security Office registers insurers and beneficiaries and processes social insurance claims. Most of the financial transactions are operated via the formal banking system.

Of the total workforce in the Ayutthaya Province, in 2013, 71 per cent, or 320,000 workers, were insured through the Social Security Office. Of the insured workers, approximately 40 per cent were in enterprises with more than 1,000 employees, 18 per cent were self-employed workers and 9 per cent were agricultural workers. About 1.4 per cent of the total workforce was unemployed in August 2013.

To register and apply for unemployment benefits, insured unemployed persons must visit the employment office and submit an application form. At the office, a dedicated counter directs beneficiaries to the most appropriate front desk for their needs. They must register their unemployed status at the employment office within 30 days after terminating their contract, including the day of being unemployed with the last employer, and report once a month to the employment office. After the Social Security Office verifies that the applicant fulfils the qualifying requirements, the payment of the unemployment benefits is approved.



▲ Provincial Labour Office of Ayutthaya, which includes offices for social security and employment.

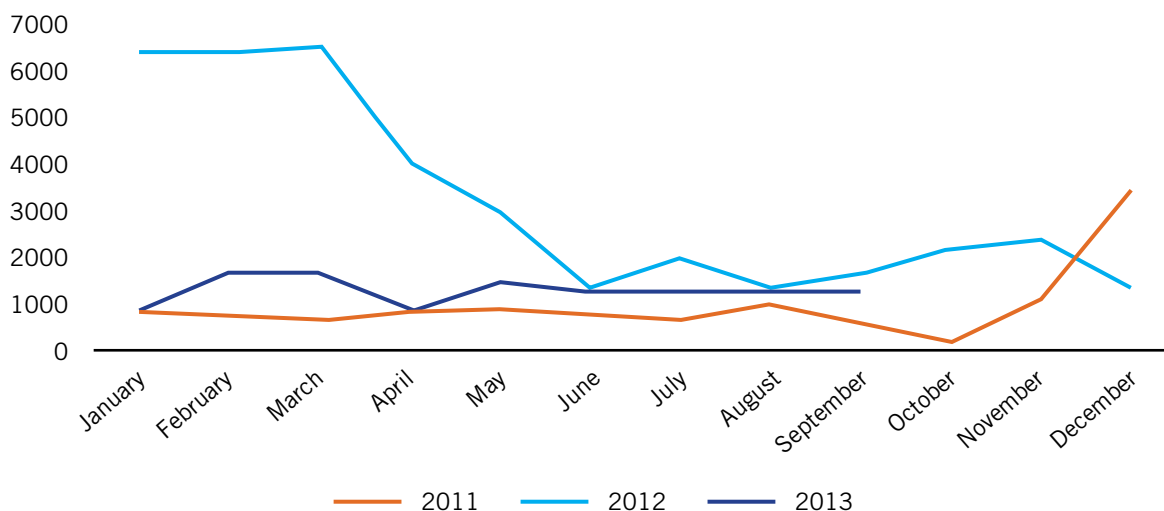


▲ A worker at the Provincial Labour Office of Ayutthaya with a beneficiary.

During massive flooding that affected many provinces in central Thailand (including Bangkok) in 2011, the Ministry of Labour extended assistance to residents to help them cope with the disaster. Additional assistance provided at that time included:

- public employees deployed in the affected areas;
- extension of the unemployment benefits period;
- reduction in the social insurance contribution rate; and
- provision of loans with a low interest rate.

Figure 4.1: Number of unemployment insurance claims submitted per month, 2011, 2012 and 2013



Source: Provincial Labour Office of Ayutthaya, Oct. 2013.

The high number of claims (26,820 claims) between December 2011 and April 2012, compared with 6,563 claims between December 2012 and April 2013, was due to the shutdown of enterprises as a result of the massive flooding in Thailand in 2011 and its continuing impact into the next year, with most affected enterprises remaining closed for renovation. During the first three months of 2012, production reduced, and many employees were laid off, leading to approximately 6,000 claims per month.

In addition to demonstrating an example of a one-stop shop, the case of Ayutthaya Province in Thailand shows that unemployment insurance benefits also help to ease the financial burden caused by natural disasters on workers and their families as well as employers due to the temporary loss of work.

Handout 4-1: Exercise on mapping of institutions in Coresia

Select ministry for administration of the unemployment insurance			
Functions	Ministries		
	Option 1	Option 2	Option 3
Monitoring of key performance indicators (coverage, contribution payment, processing claims, client satisfaction)			
Recommendations of policy adjustments			
Translation into laws and amendments			
Training of members of board of directors			
Development of national communication strategies			
Selected board of directors for administration of employment insurance fund (tripartite) or establish new board			
Functions	Ministries		
	Option 1	Option 2	Option 3
Actuarial assessments and proposal for adjustments to the parameters			
National annual reports on results of unemployment insurance scheme			
Investment decisions			
Comparison of existing institutions in Coresia to support unemployment insurance functions and labour market policies			
Unemployment insurance functions and policies	Coresia institutions or agencies		
	Option 1	Option 2	Option 3
1. Coverage: who is covered and under what conditions			
2. Registration of employers and employees to contribute to the scheme			
3. Collection of contributions: includes collecting contributions and administrative penalties and investigating failure to remit contributions			
4. Termination notice sent by employer to institution			
5. Registration for employment by unemployed worker immediately after termination of employment			
6. Receive application for benefits			
7. Process application for benefits, including assessment and final decision to pay benefits or issue notice of non-payment			
8. Payment of benefit to eligible persons			
9. Monthly job-seeking interviews			
10. Appeal process for persons disputing decision by institution			
11. Job-matching activities			
12. Job counselling			
13. Needs assessment and referral for training			
14. Approve training providers and courses			
15. Provide training			

Handout 4-2: Review quiz on Module 4 on institutional arrangements

Answers are in bold.

Review quiz on Module 4 and institutional arrangements

- Throughout the world, the main function in the administration of unemployment insurance benefits is:
 - Collection of contributions
 - Receiving and processing unemployment insurance applications for benefit
 - Payment of unemployment insurance benefit to eligible unemployed workers
 - All of the above**
- Institutional mapping or analysis is an important procedure in any feasibility study for a proposed unemployment insurance scheme. Which function is not provided in the institutional mapping process:
 - Provides an inventory of institutions and agencies involved in social assistance
 - Identifies key players
 - Determines who should fund the unemployment insurance scheme and the appropriate contribution levels**
 - Highlights the relevant institutions' roles and inter-institution linkages
 - Assesses potential support or opposition
- Which country successfully implemented an unemployment insurance scheme without a computer system (manually processes claims for benefit):
 - Malaysia
 - Thailand
 - Mongolia
 - Viet Nam**
 - Republic of Korea
- There is a successful private enterprise involving job-matching activities between employers and jobseekers in eight South Asian countries. The name of this company is:
 - Jobs Asia
 - Jobs South-East Asia
 - JobStreet**
 - Match Plus
- Article 71 of ILO Convention No. 102 recommends that countries assume responsibility for sound governance including consultations with and involve employers and workers in the operation of these schemes.

True or false?
- A board of directors for the unemployment insurance fund usually comprises government officials involved in the administration of the scheme as well as employer and worker representatives. Which group would not be represented on this board:
 - Agency involved in job-matching activities
 - Department involved in approving training providers and approved training courses
 - Private sector agency involved in gender equality
 - Department responsible for health issues**
 - Social insurance experts

Further reading

Carter, J.; Bedard, M.; Peyron Bista, C. 2013 *Comparative review of 14 unemployment and employment insurance experiences in Asia and worldwide* (Bangkok, ILO). Available at: <http://www.social-protection.org/gimi/gess/ShowProjectNews.do?nid=16291&pid=1385> [7 June 2017].

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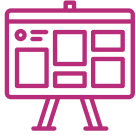
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World Bank. 2013. "eGovernment transformation: From nice-to-have to must-have". Available at: <http://www.worldbank.org/en/news/speech/2013/05/31/speech-eGovernment-transformation> [7 June 2017].



MODULE 5:

Legal framework and compliance and enforcement mechanisms for unemployment protection schemes

Why is a strong legal framework important?

Objectives of the module

- Guide the drafting of the legal framework regulating the unemployment protection scheme, in compliance with international labour standards related to social protection and employment promotion.
- Discuss options for the legal architecture of the unemployment protection system.
- Instruct participants on important definitions, such as reasons for termination, just cause and suitable employment, as well as the scope of application, as inspired by the international labour standards.
- Guide the development of compliance and enforcement mechanisms to enhance compliance with the national legal framework.

Estimated duration of the module: 3 hours and 30 min.

Content

Session M5.1 (1 hour and 45 min.): Drafting the legal framework for an unemployment protection scheme

- M5.1.a Presentation:** Understanding the legal context: The hierarchy of legal texts and possible implications on existing laws
- M5.1.b Practice session:** Preparing an outline of a draft law for (contributory and non-contributory) unemployment protection schemes in line with ILO standards
- M5.1.c Practice session:** Determining the legislative options for the overall legal structure of the unemployment protection scheme
- M5.1.d Practice session:** Important notions to be clarified in the law and possible mechanisms to improve compliance

Session M5.2: (1 hour and 45 min.) Enforcement and compliance mechanisms

- M5.2.a Presentation:** Registration and collection of contributions
- M5.2.b Presentation:** Establishing inspection and supervisory mechanisms
- M5.2.c Presentation:** Legal proceedings and penalties
- M5.2.d Presentation:** Complaint and appeal mechanisms

Checklist of questions that are answered through the module

- ✓ What are the main considerations, issues and recommendations to take into account before developing the legal framework for an unemployment protection scheme that is in line with the ILO Conventions?
- ✓ Why is there a need to cross-check compatibility with existing labour laws, social security laws and employment acts?
- ✓ How are unemployment protection policies coordinated with employment promotion policies?
- ✓ Which components of the system should be included in the draft law?
- ✓ Why is the issue of just cause essential to consider when establishing an effective unemployment protection scheme?
- ✓ Is there an adequate definition for suitable employment available, and how is it to be applied to the cases of persons who refuse work, with reference to ILO definitions?
- ✓ How can the legal framework facilitate compliance with the national unemployment protection scheme?
- ✓ How do other countries deal with individuals who make fraudulent statements in order to collect (contributory and non-contributory) unemployment benefits? How can legal remedies address fraudulent claims?
- ✓ What types of penalties are adequate to protect the unemployment insurance fund from abuse and fraud?
- ✓ Why is it critical to have an effective complaint and appeal system within the unemployment protection scheme?
- ✓ How are strict eligibility requirements for unemployment benefits balanced with adequate protection?
- ✓ Why is it necessary to impose restrictions on entitlement to protect the integrity of the unemployment insurance fund and prevent fraud?

Training methods: Group discussions and exercises based on a review of a country's laws.

Material to be distributed to participants (attached to the module): References to specific articles of relevant international labour standards, national laws of participating countries, list of definitions, country reports and the ILO publication *Comparative Review of Unemployment and Employment Experiences in Asia and Worldwide*.

Physical media required: Writing paper and pens, chart paper, coloured cards, coloured pens, board to pin up chart papers, white board, markers, laptops, LCD projector and sound system.

Challenges: Many of the decisions impacting the payment of unemployment benefits require a great deal of judgement due to the subjective nature of the terminology of unemployment insurance benefits and cash support. For instance, voluntary versus involuntary termination of employment, just cause, refusal of work, suitable employment and targeting techniques for non-contributory schemes are terms that necessitate effective fact-finding methods and good judgement. It is important to have concise definitions of these particular elements to ensure that decisions made by a department are clear and transparent.

Communication issues are typically identified in all evaluations. There is a serious need to provide ongoing advice and guidance to educate workers and employers on the qualifying conditions for receiving unemployment insurance and other unemployment-related benefits.

Another challenge for governments is to provide adequate but not overly generous benefits, either in-kind (training, support to entrepreneurship and so on) or as cash transfers (such as unemployment insurance benefits or minimum income guarantee), thereby increasing the perception of "moral hazard" and negatively affecting the intention of workers to return to work as soon as possible. Many countries have enacted conditions to offset generous benefits, and the severity of these conditions

needs to be addressed by a country contemplating implementation of an unemployment protection scheme.

A strong legal framework that lays out entitlements, rights and obligations will ensure both the stability of an unemployment protection scheme and the recognition of beneficiaries as rights holders. The aim of this module is to highlight the essential parameters that should, at a minimum, form part of the legal framework according to the international standards. The module also addresses establishing a scheme that enhances compliance with the national legal framework, the implications of adopting an unemployment protection scheme on the existing legal framework and the main legislative options for enacting an unemployment protection scheme.

Session M5.1: Drafting the legal framework for an unemployment protection scheme

M5.1.a Presentation: Understanding the legal context: The hierarchy of legal texts and possible implications on existing laws

The hierarchy of legal texts

Various elements are needed to operate an unemployment protection scheme. An important area of law drafting is to decide which legal form to take: act or law, regulation, executive order, administrative policy and manual or institutional arrangement. How the various rules fit together is referred to as the “hierarchy of legal texts”. Essentially, there is a vertical ordering of legal texts that make texts of lower rank subject to the higher norm. In other words, a higher-ranking norm takes precedence when a lower-ranking norm is considered incompatible. Each country has its own normative hierarchy and its own terminology to define the different legal texts that make up its national legal structure.

An act or law is usually adopted by a legislative body, such as the parliament. Acts or laws should establish the unemployment protection scheme’s purposes, its scope of application and its main elements. In addition, certain types of provisions are conventionally found in laws, including provisions that establish administrative bodies and confer necessary powers, such as the power to make regulations and orders, provisions governing the collection and use of public funds (type of benefits) and provisions concerning the complaint and appeals system and enforcement mechanisms.

Regulations are rules and administrative codes usually issued by politically accountable officials at the government level, such as ministers. The processes for making regulations and orders is generally less involved than parliamentary processes and are used to provide the information necessary to implement a law. Due to their process of adoption, amendments can usually be made more quickly. This is important for provisions that provide details, notably on parameters, because they more likely will need to be altered to respond to changing conditions of the labour market following an economic crisis and/or natural disaster. However, if there is a contradiction between a provision in a regulation and a provision in a law, the law will take precedence.

Compatibility with and possible implications for the existing legal framework

Before drafting the law, it is essential to know definitions and concepts that already exist in labour and social security laws and in the various existing schemes that provide benefits that bear some similarity to unemployment protection. If a new unemployment protection scheme is to be introduced, some operational requirements may have implications on the existing labour and social security laws and regulations. The overall social protection legal framework will have to be harmonized and kept consistent. This can promote a coordinated approach, increase efficiency and equity and reduce overlaps and duplications as well as fragmentation.

Possible implications on provisions for termination benefits and severance payments

When introducing unemployment benefits, the link with termination benefits or severance payments needs to be addressed. As highlighted in Module 2, the ILO Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168) specifically highlights the need to coordinate with severance pay that is provided according to national law or regulation or collective agreement (Article 22). In particular, the recognition that the delivery of severance can result in a suspension of unemployment benefits during the period when the severance pay compensates for the loss of earning income. Alternatively, the Convention allows for the severance pay be reduced by the amount of the total unemployment benefits during the period for which the severance pay corresponds to.

Therefore, in practical terms, several alternatives can be discussed:

- maintaining both termination benefits and unemployment benefits, the first being a recognition for the years of service, the second a compensation for loss of earning income and coordinated and readjusting the amounts as need be;

- phasing out termination benefits to introduce more effective unemployment protection; and
- keeping the recognition of tenure through collective agreements applied to all employees of a specific enterprise and/or sector of the economy.

Phasing out severance payments while introducing unemployment insurance benefits means that workers would remain entitled to the termination benefits accrued up to the effective date of implementation of the unemployment insurance scheme, but no further termination benefits would accrue for work commencing after the effective date of starting the unemployment insurance scheme. For example, in Viet Nam, a phasing out clause was adopted with the introduction of the unemployment insurance scheme; employers had to provide severance payments for service up to 1 January 2009 (date of introduction of the unemployment insurance scheme) but no longer need to do so for any employees who have come under the new scheme in 2009.

Possible implications on provisions related to employment promotion policies

As seen in Module 2, the need to establish a scheme of protection against unemployment, which encompasses both employment promotion policy and unemployment protection, is underlined in ILO Convention No. 168. The objective is that together these two goals will promote full, productive and freely chosen employment (Article 7). This, however, calls for close coordination (Article 2). In particular, the Convention emphasizes the need to harmonize social security benefits for unemployed workers with employment promotion policies (Article 2). Other policies that can be envisaged to promote employment include the need to encourage employment opportunities for categories of disadvantaged persons, such as women, young workers, people with disabilities, older workers, long-term unemployed workers, legally residing migrant workers and workers affected by structural change (Article 8).

A successful unemployment protection scheme, established through social insurance or social assistance, will rely greatly on efficient employment promotion policies, including active labour market policies (ALMPs). In effect, many schemes have unemployment insurance benefits or assistance that is conditional on an active search of work, for which sound ALMPs are critical. At the level of the unemployment protection scheme, activation of unemployed persons is achieved by designing the benefit as a “partial and transitional wage replacement” to meet the specific aim of avoiding “creative disincentives either to work or to employment creation” (Article 14).³³

In practical terms, this may mean creating a unique legal framework for both unemployment protection and employment promotion. The Employment Insurance Act of the Republic of Korea, for example, provides not only unemployment cash benefits but also subsidies to employers experiencing business difficulties to support employment, vocational skills development allowances, wide-area job-seeking allowances and mobility allowances. In other cases, it may mean adjusting the existing legal provision regulating employment promotion policies to ensure that schemes are accessible and adapted to unemployed workers as well and that social security is used as a means to promote employment creation and the employability of jobseekers.

The development of an integrated system, including legal framework, has clear advantages, particularly regarding the coordination of core elements but also with respect to governance and financing. However, it also means straightening up the interrelation of often two separate branches of legislation (employment legislation and social security legislation), including, for example, in the application of equal treatment and non-discrimination of the persons protected in a uniform manner (Article 6). The Employment Promotion Law of Viet Nam, adopted in November 2013, includes a chapter regulating the unemployment insurance benefits and clear coordination with other employment promotion interventions.

The coordination and integration of these two objectives should be extended to the institutional level, and the necessary legal modifications to the texts setting out the institutional arrangements, including

³³ ILO: *General survey, social security and the rule of law* (Geneva, 2011), p. 44.

responsible bodies and actors, should follow. Integrated approaches to deliver unemployment benefits and employment support services, with examples from Cambodia and Mongolia, are showcased in Module 4.

M5.1.b Practice session: Preparing an outline of a draft law for (contributory and non-contributory) unemployment protection schemes in line with ILO standards

Content

It is highly recommended to conduct this Module 5 after presenting Module 2, Session 2.1.

Even when the ILO Conventions and Recommendations have not been ratified in a country, these instruments provide international standards and guidelines that set benchmarks for the design of unemployment protection schemes. The two flagship Conventions related to unemployment protection are the Social Security (Minimum Standards) Convention, 1952 (No. 102) and Convention No. 168, with its Employment Promotion and Protection Against Unemployment Recommendation, 1988 (No. 176). The Social Protection Floors Recommendation, 2012 (No. 202), also provides guiding principles for the establishment of unemployment protection schemes (for more details on these instruments, refer to Module 2).

The practice session outlines the main parameters of an unemployment protection scheme law. The key elements to be taken into account can be classified within seven categories: the definition of the contingency (risk) covered, coverage and equality of treatment, qualifying conditions, benefits and their duration, financing of the scheme, decisions and appeals, administrative arrangements, enforcement provisions, and monitoring and evaluation.

Definition of the contingency covered

The law should clearly mention the contingency covered and under which conditions the benefits are paid when the insured event occurs. In most cases, unemployment benefits are provided in case of involuntary interruption of work that involves loss of earnings due to an inability to obtain suitable employment. Often, this may be owing to economic circumstances.

An increasing number of unemployment protection schemes are now coordinated with employment promotion policies, including facilities for training and general programmes for full employment. This ensures a proper functioning of the scheme and, in particular, reduces unemployment spells and the duration of benefits. The ILO standards reflect the trend to coordinate unemployment social security benefits with employment policy, human resources development and the economy at large. The understanding is that the system of protection against unemployment and, in particular, the methods of providing unemployment benefit should contribute to the promotion of full, productive and freely chosen employment. Such coordination can in certain cases have an impact on how the contingency is defined, such as including in the definition the requirement to actively be seeking work.

Tip box 5.1 What the ILO social security standards state

The contingency covered by both Conventions No. 102 and No. 168 includes suspension or loss of earnings due to inability to obtain suitable employment in the case of a person protected who is capable of and available for work. The requirement “to be actually seeking work” was added in Convention No. 168 to ensure a quick return to work under suitable conditions for workers.

Several details should be added, for example, whether it is required for jobseekers to register at the employment office upon termination and report monthly on their job search activities.

Coverage and equality of treatment

The legal framework should clearly indicate the category of persons that are covered by the unemployment protection scheme. If any restriction is applied, it is essential to state in the law which categories of contract are covered and which groups are excluded. Special attention is given to short-term, daily, part-time and seasonal contracts, apprenticeships, youth, domestic workers and migrant workers. It is therefore important to have a good knowledge of the labour code or equivalent and of existing collective agreements to ensure alignment between labour laws generally and social security laws specifically.

The way “covered employment” is defined in laws varies among countries and schemes. This primarily depends on how the unemployment benefits are designed. Unemployment benefits are generally provided through the following schemes:

- i. Compulsory unemployment insurance: covering prescribed categories of employees.
- ii. Subsidized voluntary unemployment insurance: membership is optional except in some cases for trade union members who are required to participate.
- iii. Unemployment assistance: covers all residents subject to a means, income or earnings test and is financed by public funds.

Tip box 5.1 (cont.)

What the ILO social security standards state

The ILO standards provide that, at a minimum, the persons covered should include prescribed classes of employees or all residents who meet a means test. In addition, Convention No. 168 extends this to public employees and apprentices. It also underlines the need to extend coverage to category of workers who have never been, or have ceased to be, recognized as unemployed or covered by unemployment schemes, including: (i) young persons who have completed their vocational training; (ii) young persons who have completed their studies; (iii) young persons who have completed their compulsory military service; (iv) persons after a period devoted to bringing up a child or caring for someone who is sick, disabled or older; (e) persons whose spouse has died, when they are not entitled to a survivor's benefit; (v) divorced or separated persons; (vi) released prisoners; (vii) adults, including disabled persons, who have completed a period of training; (viii) migrant workers on return to their home country, except in so far as they have acquired rights under the legislation of the country where they last worked; and (ix) previously self-employed persons.

Although Convention No. 102 focuses primarily on full unemployment, Convention No. 168 extends protection to part-time workers or workers whose employment has been temporarily suspended. In the case of part-time workers, for example, it provides that States should also grant benefits to people who are actually seeking full-time work. Additionally, public employees should be covered, especially when their employment is not guaranteed by national laws or regulations up to a normal retirement age.

Equality of treatment is also specifically addressed in the Equality of Treatment (Social Security) Convention, 1962 (No. 118) and in Maintenance of Social Security Rights Convention, 1982 (No. 157).

If any restriction is applied, it is essential to state in the law which categories of contract are covered. For example, in Bahrain, the definition of insurable employment is found in the Law on Social Insurance and the Law Governing Pensions and Retirement Benefits for Civil Servants.

Qualifying conditions

Qualifying for unemployment benefits, either under contributory or non-contributory schemes, is not

automatic, and unemployed persons have certain conditions they must adhere to in order to receive the benefits. Upon termination of a contract or loss of job or asset for income-generating activities and/or in the absence of income, they must formally register their situation at a designated department responsible for social and employment services. A formal application for benefits must be submitted to the department responsible for processing unemployment benefits claims along with other pertinent information (termination notice from employer as well as insured contributions, the reason for the separation and monies paid on the separation for unemployment insurance benefits; declaration of income and resources, household composition and so on for social assistance programmes).

A “rights and obligations” form is usually provided to an applicant at the time of filing for benefits, which stresses the need for the unemployed person to be available and actively seeking employment in order to receive unemployment benefits. The application for unemployment benefits highlights a number of questions dealing with availability for work, including type of job, alternate jobs, geographic areas, family constraints and wage requirements. Once the decision is made to allow unemployment benefit payments, the unemployed worker must report to the employment and/or social security or assistance office on a regular and pre-agreed basis to inform on their job search activities and intentions to accept work. If the unemployed worker does not meet any of these conditions, benefits can be suspended or reduced.

In addition, in the case of an unemployment insurance scheme, entitlement to unemployment benefits may be made subject to the completion of a qualifying period, either based on the contribution period or residency period, particularly in the case of social assistance schemes. However, such a qualifying period must not exceed the duration considered necessary to preclude abuse.

In the case of social assistance programmes, additional eligibility criteria might be used to target beneficiaries (see tip box 5.2 on targeting methods and mechanisms) as well as qualifying conditions to continue receiving the support, such as reporting the active search for work and/or participation in an employment promotion scheme (such as public works programmes or vocational training courses).

When other types of workers are covered (such as seasonal and temporary workers), specific qualifying conditions should be considered. For example, according to the ILO standards, States should endeavour to adapt the qualifying period to the occupational circumstances of seasonal workers or part-time workers or consider waiving the qualifying period altogether for certain categories of persons newly seeking work.

Tip box 5.2 Targeting methods and mechanisms

Non-contributory schemes can be universal, categorical (people with disabilities, older persons, certain occupations and so on) or targeted to people who are poor. With the exception of universal programmes, targeting mechanisms are used to ensure that programmes cover only those who are eligible. There are several ways of targeting – as outlined below – and the choice of the mechanism will depend on the effectiveness and the administration cost of administering the programme. Effectiveness of a targeting choice can be measured by the programme’s inclusion and exclusion errors.

Inclusion error refers to the proportion of programme beneficiaries who do not qualify for the benefit, while **exclusion error** covers the proportion of those who do qualify but are not covered by the programme. On average, targeting costs are about 4 per cent of the total programme costs and between 25 and 75 per cent of the total administrative costs.

Tip box 5.2 (cont.) Targeting methods and mechanisms

Means testing: Means testing is based on a household's level of income and/or wealth. It ranges from a comprehensive and verified means test that is cross-checked with official registries (tax or social security data) to a simple means test that depends on information provided by the applicant.

Proxy means testing: Proxy means test relies on a set of indicators that should measure household wealth, such as household characteristics (education of household head, for example), housing quality (such as type of roof), and ownership of durable goods (such as refrigerator) and productive assets (such as livestock). An index score is calculated for each household based on these indicators to determine if the household is eligible for benefits.

Community-based targeting: Community members or leaders use local information on household circumstances to determine the eligibility of households. Unlike the other methods, a local definition of needs and welfare is possible.

Geographic targeting: Geographic targeting is rarely used on its own but is usually combined with other targeting mechanisms. Assuming that poverty is spatially concentrated (poor neighbourhoods or districts), geographic location can be used to determine household eligibility for benefits.

Demographic targeting: With demographic targeting, demographic characteristics, such as age and sex, are used to determine eligibility for benefits, such as child benefits and social pension benefits. Demographic characteristics are associated with vulnerability, capacity and/or need.

Occupational targeting: Occupational targeting aims at identifying vulnerable categories of workers, who are generally own-account workers and whose income is unstable and highly dependent on external factors, such as farmers, herders and fishermen.

Self-targeting: Self-targeting schemes are designed so that the take-up is higher among the poor than the non-poor. Examples include the subsidization of goods (such as staple food) more heavily consumed by households that are poor.

Source: Adapted from World Bank: *Safety nets and transfers* (Washington, DC, 2013), <http://go.worldbank.org/MIOKINS7X0> [accessed 7 June 2016].

Reasons for termination, distinction between voluntary and involuntary termination, definition of just cause

Unemployment benefits are primarily intended for workers who lose their jobs involuntarily, through no fault of their own, with exception when the person leaves for “just cause”, as per the ILO Conventions. However, in practice, certain programmes also provide unemployment benefits even when voluntarily terminating the contractual relationship. Leaving voluntarily may in certain cases affect entitlements to unemployment benefits. In Thailand, for instance, it results in lower unemployment insurance benefits (level and duration). In Viet Nam, until 2014, this reason for termination was not considered a qualifying or disqualifying criterion. In the case of non-contributory schemes, this criterion is rarely applied.

Tip box 5.1 (cont.) What the ILO social security standards state

Social security instruments adopted by the ILO recognize that unemployment benefits are intended for people who are out of work for reasons beyond their control. Thus, voluntary termination or deliberately contributing to one's own dismissal is grounds for disqualifying a protected person from receiving unemployment benefits.

Article 20 of Convention No. 168 states that benefits “may be refused, withdrawn, suspended or reduced [...] (b) when it has been determined by the competent authority that the person concerned had deliberately contributed to his or her own dismissal; (c) when it has been determined by the competent authority that the person concerned has left employment voluntarily without just cause.” Convention No. 102 has similar provisions.

Such provisions do not require much explanation: Essentially, they are saying that no one should be allowed to collect property insurance compensation if they burn down their own house.

In the case of non-contributory cash support schemes, the reasons for employment termination might not be so relevant, in particular, when addressing the situation of workers of the informal economy or who are self-employed. Other targeting methods are used to identify people qualifying for in cash or in-kind unemployment benefits (see tip box 5.1 on targeting methods and mechanisms).

In the determination of the reason for contract termination, special mechanisms must be in place to properly deal with forced or unavoidable resignations. As stated in the international labour standards and applied in most countries, unemployment benefits and, in particular, those paid by unemployment insurance schemes are refused to people who were fired due to misconduct or illegal action. All of these provisions aim to avoid moral hazard and abuse as well as to control costs.

It is important to keep in mind, though, that the provision for determining reasons for termination of employment includes the reference “without just cause”, which makes it possible to refuse or reduce benefits to those who voluntarily quit. Alternatively, just cause for voluntarily leaving an employment or taking leave from an employment exists if the claimant had no reasonable alternative to leaving (see Handout 5.2 for an example from Canada).

Almost all countries allow benefits to be paid if someone was forced to leave their employment due to, for example, unpaid wages, harassment, dangerous working conditions or illegal actions by the employer. In discussing unemployment insurance sanctions and exclusions, a 2000 report published by the Organisation for Economic Co-operation and Development observed that, all countries recognize that serious misbehaviour by the employer can justify a quit.³⁴

Other circumstances, though unrelated to someone's employment, are often also accepted, such as leaving a job to accompany a spouse to another residence or relocation in order to escape domestic violence. These reasons are accepted in Canada, France, most of the American states and probably in other countries as well.

The determination of employer misbehaviour or of other acceptable reasons for leaving a job often requires careful review and assessment. There may be a need to balance and evaluate conflicting statements made by the employer and former workers. The adjudication of just cause for quitting thus requires competent and well-trained staff along with clear guidance.

³⁴ D. Venn: *Eligibility criteria for unemployment benefits: Quantitative indicators for OECD and EU Countries* (Paris, OECD, 2000), http://www.oecd-ilibrary.org/social-issues-migration-health/eligibility-criteria-for-unemployment-benefits_5k9h43kgkvr4-en [accessed 7 June 2016].

Capable, available and willing to work

To qualify for benefits, a beneficiary should be capable for work, available for work and willing to work. This is to distinguish cases in which workers are out of work due to sickness, maternity, disability or old age, though age is often a factor in determining incidence.

- Capable means being physically and mentally able to carry out ordinary suitable employment.
- Available means being free to take on employment.
- Willing means being ready to take up suitable employment that is readily available.

Tip box 5.1 (cont.) What the ILO social security standards state

Convention No. 102 protects persons who are capable of and available for work (Article 20). Convention No. 168 explicitly provides that a person must be actually seeking work, for example, taking reasonable steps to find a new job. Often, this is translated in the law by an obligation to report regularly to the employment service office.

Therefore, close coordination between unemployment benefits and employment promotion policies, including employment services, is crucial. In Germany, for example, a claimant must meet the following conditions to receive unemployment insurance benefits:

- have worked and paid contributions at least 12 months within the previous three years;
- younger than 65 years;
- unemployed (no work or worked fewer than 15 hours a week or self-employment ended);
- registered as an unemployed person (reports to the Local Employment Office every three months, in person); and
- looking and available for a work.

In Germany's scheme, claimants working fewer than 15 hours a week can continue receiving unemployment insurance benefits; benefits cease, however, when persons work 15 hours or more in a week's time.

Suitable employment

Seeking employment is often a qualifying condition for unemployment benefits, either received through contributory or non-contributory scheme. Failure to report to the employment services office, refusal of a suitable job or training opportunity in many cases can be a reason for suspending the payment of unemployment benefits. The ILO standards protect beneficiaries from the obligation to take up any job that is not suitable so as to leave open the possibility to provide them with suitable employment ensuring the most effective use of their potential for their own benefit and that of society. This concept, therefore, is meant to protect against creating labour market imbalances and inefficiencies and against underutilization of the potential of human resources. However, the ILO standards recognize that in assessing the concept of "suitable employment" by respective agencies, account should be taken to the length of period of unemployment, allowing for a less restrictive interpretation the longer a beneficiary has been unemployed.

Thus, the law should provide a definition of suitable employment in accordance with ILO Convention No. 168 (Article 21) and Recommendation No. 176. A refusal of suitable employment should correspondingly result in a suspension or reduction of benefits. This would not concern claimants who are unable to work because of illness, disability or family responsibilities. "Refusal" needs to be defined as well. Most countries only suspend or reduce benefits after two or three refusals of suitable employment.

Tip box 5.1 (cont.) What the ILO social security standards state

The ILO standards provide that the contingency covered shall include suspension of earnings, as defined by national laws or regulations, due to inability to obtain suitable employment in the case of a person protected who is capable of and available for work. Or in other words, unemployment benefits can be refused, withdrawn, suspended or reduced if a person refuses to accept suitable employment (Convention No. 168, Article 21(1)). The ILO standards further enumerate a number of elements that must be taken into account in assessing the suitability of employment, including: the age of the unemployed person, their length of service in their former occupation, their acquired experience, the length of their period of unemployment and the labour market situation (Convention No. 168, Article 21(2)).

Other considerations, as listed in Recommendation No. 176, paragraph 14, can include:

- employment involving a change of occupation that does not take account of the abilities, qualifications, skills, work experience or the retraining potential of the person concerned;
- employment in which the conditions and remuneration are appreciably less favourable than those generally granted, at the relevant time, in the occupation and district in which the employment is offered;
- employment involving a change of residence to a place in which suitable accommodation is not available;
- employment vacancies as a result of a stoppage due to an ongoing labour dispute; and
- employment such that, for a reason other than those covered in the preceding clauses and with due regard to all attendant circumstances, including the family responsibilities of the person concerned and the refusal is not unreasonable.

Waiting period

An initial waiting period may be prescribed by law to lighten the administrative and financial burden caused by frequent short spells of unemployment and to give a chance to the employment services office to find suitable employment during that time. It is assumed that the last earnings will get a worker through the first days of unemployment. National legal frameworks that have included a waiting period usually provide benefits after three to seven days.

Tip box 5.1 (cont.) What the ILO social security standards state

The ILO standards underline that, where waiting periods exist, member States should always endeavour to protect workers who are experiencing hardship during this period. According to Conventions No. 102 and No. 168, unemployment benefits need not be paid for a waiting period, the duration of which must not exceed seven days in each case of suspension of earnings. In addition, the waiting period should be adapted to special occupational circumstances, such as with seasonal workers. Similarly, special provisions might be envisaged for part-time workers and new labour force entrants to ensure that they meet the qualifying conditions.

Benefits

Ideally, in cases of unemployment, benefits should be designed to promote full, productive and freely chosen employment. With this objective in mind, the type of benefit should include: periodical cash benefits, continued medical care, no worsening of the acquisition of other social security benefits and related active labour market programmes, including assistance for long-term unemployment and occupational and geographical mobility incentives, among other possible employment promotion measures (see Module 2).

Periodical payments

Tip box 5.1 (cont.) What the ILO social security standards state

Convention No. 168 and Recommendation No. 176 envisage that the benefit must be a periodical and temporary payment; the amount of which, for a standard beneficiary (worker with a spouse and two children), must attain 45 per cent of the reference wage (Convention No. 102). In the case of Convention No. 168, this rate is 50 per cent of the reference wage (in the case of earnings-related schemes, 45 per cent of the actual wage of persons protected, and in the case of flat-rate schemes, 45 per cent of the wage of the most representative unskilled worker).

The primary objective of cash-support programmes for those unemployed and not covered by any unemployment insurance scheme is to help workers and their families fulfil their basic needs. The level of benefits should be defined in a manner that does not create disincentive to return to work (in some countries, the poverty line is adopted as a threshold) to prevent creating a disincentive to return to work (see country box 5.2 on making work pay).

Convention No. 168 and Recommendation No. 176 contain detailed provisions in regards to partial unemployment, the protection of workers who are experiencing hardship during a waiting period, new applicants for employment and part-time workers. In particular, benefits can be provided for persons who are working part-time but are actually seeking full-time employment. In this situation, it is recommended that a benefit exist and that the level of the benefit taken together with the earnings from part-time employment reach a sum between the amount of the previous earnings from full-time work and the amount of the full unemployment benefit. This amount should however not discourage part-time or temporary work or the quest to find full-time work.

Medical care

Tip box 5.1 (cont.) What the ILO social security standards state

In addition to compensation for the loss of earnings, ILO Conventions No. 102 and No. 168 recommend guaranteeing access to medical care for beneficiaries of unemployment protection schemes and their dependants. They further recommend that medical care also should be provided to persons who are no longer receiving benefits but continue to be unemployed, as well as their dependants.

The legal framework should state whether beneficiaries of unemployment benefits continue to receive medical care and under what conditions. Generally, contributions can be either financed by the unemployment insurance fund, subsidized by the government or provided by the social health insurance fund. Where medical benefits are provided, some amendments to the social security laws or social health insurance laws may be required to reflect extension of the scope. Necessary reference to relevant laws and regulations should clearly be made in the legislation. The law should further indicate any other case in which the accumulation of other benefits with unemployment benefits is possible, or in the contrary, the suspension of benefits – as long as the beneficiary is in receipt of unemployment benefits.

No worsening of the acquisition of other social security benefits

Under schemes providing protection for disability, old age, survivors (of the deceased breadwinner), medical care, sickness, maternity or family benefits conditional on occupational activity (for example, subject to a minimum contributory period), receiving unemployment benefits should not serve to

impede or worsen the acquisition of any of these other rights. Under contributory schemes, the law should clearly state that the period during which unemployment benefits are received will be taken into account for the computation of qualifying periods of other benefits, such as long-term benefits.

Incentives for returning to work

A number of countries allow unemployed beneficiaries to continue receiving partial or full unemployment benefits at the same time as they engage in part-time work. Normal rules still apply to these benefit beneficiaries who, however, must continue to look for and accept suitable full-time work as well as continue to follow any training or employment measures to which they are referred. If their part-time earnings exceed certain limits, their unemployment benefits would then either be terminated or be reduced.

The purpose of these provisions is threefold:

- i. encourage beneficiaries to remain engaged in the labour market and thus to maintain or improve their work experience and maybe even use the part-time work as a stepping stone into full-time employment;
- ii. allow employers to find workers willing to complete relatively minor tasks; and
- iii. help workers maintain a reasonable standard of living between jobs.

In 2008, a record number of work-sharing agreements were signed between employers and employees due to the global financial crisis. This situation benefited employers because they were able to retain their workforce and avoid the costly process of hiring and training new employees when business returned to normal levels. It benefited workers who were not laid off as a result of a shortage of work; their wages were supplemented by unemployment benefits for the hours they were not working.

Country box 5.1

Examples of work-sharing programmes linked to unemployment benefits

A special Work-Sharing Programme was established in Canada, Denmark, France and Germany. In Germany, it is called Short-Time Allowance; an estimated 500,000 workers benefited from the allowance during the 2008 global financial crisis, avoiding 200,000 layoffs.

The Canadian Work-Sharing Programme is especially popular with employers in times of crisis. Service Canada website describes it as follows: "Work sharing is an adjustment programme designed to help employers and employees avoid temporary layoffs when there is a reduction in the normal level of business activity that is beyond the control of the employer. The provisions provide income support to employees eligible for employment insurance benefits who work a temporarily reduced work week while their employer recovers."

Source: J. Carter, M. Bedard and C. Peyron Bista: *Comparative review of 14 unemployment and employment insurance experiences in Asia and worldwide* (Bangkok, ILO, 2013).

Similar incentives to return to work are usually included in non-contributory cash support schemes for people who are unemployed, with the effectiveness varying from one country to the other.

Country box 5.2

Making work pay – From minimum income guarantee to active solidarity income in France

The Revenu de Solidarité Active (RSA), or Active Solidarity Income, in France was introduced in June 2009 to improve the employment incentives of social benefits recipients while providing income support to poor households. It was designed to replace a host of different means-tested welfare benefits, thus simplifying the country's social benefits system. The main objective, however, is to remove “inactivity traps” that are associated with social benefits schemes, in particular the Revenu Minimum d’Insertion or Minimum Income Guarantee, for social inclusion. “Inactivity traps” are situations in which social benefits recipients are discouraged from returning to work due to the loss or reduction of benefits that is associated with employment. The Minimum Income Guarantee scheme created an “inactivity trap” by reducing or denying its benefits to recipients who return to work. It also did not obligate or encourage its beneficiaries to seek employment.

Qualifying conditions: The RSA is available to people who are poor who are older than 25 or younger if they have children or have met the stringent conditions of minimum work experience (see “RSA Jeune” at <http://www.rsa-revenu-de-solidarite-active.com>). Poverty here is defined by an income threshold set at 1.04 times the minimum wage over the three months prior to the RSA application. The beneficiary must be a permanent resident in France. Students and people engaged in unpaid internships are not eligible.

Level of benefit: The benefit level depends on the household composition, such as the number of adults and children. For example, the basic RSA was €499 for an unemployed childless person and €1,049 for an unemployed couple with two children in 2014. Unlike the Minimum Income Guarantee scheme, the RSA benefit also includes an additional allowance as a percentage of the earned income if the beneficiary works. This is the RSA's main instrument for “making work pay”. The RSA benefit expires when a beneficiary's total income approaches the income threshold of eligibility.

Entitlement conditions and implementation: To keep receiving the RSA benefits, beneficiaries are obliged to be actively looking for a job or enrolled in active labour market programmes, such as skills development training. However, the employment reintegration aspect of the RSA has not been strongly enforced due to limited implementation and unfavourable job market conditions. Many RSA recipients are not registered with the public employment services and lack monitoring and counselling support.

Source: See <http://www.rsa-revenu-de-solidarite-active.com> (accessed 7 June 2016); ILO and OECD: *France: A simplified social benefits system*, Country policy briefs (Paris, 2011).

Employment promotion measures

Assistance for long-term employment: As part of a comprehensive system of protection against unemployment, the ILO standards also provide that States should endeavour to establish economic support for the long-term unemployed workers beyond the initial period of unemployment.

Occupational and geographical mobility incentives: There is a trend to facilitate labour mobility as a measure to address unemployment that is a consequence of technological, structural and economic changes. Labour mobility covers both occupational mobility and geographical mobility. Benefits, such as individual grants to upgrade skills or retrain for other types of employment and allowances towards the cost of travel or resettlement grants, are found in many countries.

Tip box 5.1 (cont.)
What the ILO social security standards state

With the objective of promoting productive employment, the ILO standards recommend that States grant benefits as an incentive towards occupational or geographical mobility. Where these benefits are provided, the law should specify what they are and under what conditions they are granted.

Duration of benefits

Unemployment benefits should be provided as long as a person is unemployed. More and more countries now provide such benefits without limitations. In establishing this duration, consideration should be given to a time period that would permit most unemployed persons to find work without their income suffering too much. The law should clearly stipulate what the maximum duration is.

Tip box 5.1 (cont.)
What the ILO social security standards state

Under Convention No. 102, the duration of the benefit may be limited to 13 weeks within a period of 12 months. However, where the protection covers all residents whose means during the contingency do not exceed prescribed limits, this duration may be limited to 26 weeks within a period of 12 months. Convention No. 168 states that the initial duration of payment of the benefit may be limited to 26 weeks in each spell of unemployment or to 39 weeks over any period of 24 months.

Financing of the scheme

For an unemployment insurance scheme, the law should include reference to insurable earnings and rates of contributions. A strict definition of insurable earnings from which the benefit is to be computed has to be included and should be in line with other references to wages, earnings and salaries cited in other legal texts. A provision adjusting the maximum insurable earnings to reflect increases in wages and prices can be included.

Provisions and corresponding contribution rates should also be added based on actuarial studies.

Tip box 5.1 (cont.)
What the ILO social security standards state

When contributors comprise employers and employees, employees' contributions should not exceed 50 per cent of the financial resources allocated (Convention No. 102).

Because of the general volatility in the factors forming the basis for setting rates (unemployment rates being one of these factors), they are often set by government regulation on a regular (usually annual) basis, based on actuarial assessments. Even jurisdictions in which they are established in the principal legislative instrument (for example, in Bahrain), power is delegated to the government to adjust them. It is recommended to introduce a certain degree of flexibility in the legislation to allow for adjustment of the contribution rate that will reflect economic conjuncture and/or response to natural disasters. For instance, the level of contributions (as well as benefits) could be fixed at the decree level instead of in law.

With regards to non-contributory schemes, it is recommended that the law provides for the principles

of state budget allocation, with a separate law to set the specific allocation amount on an annual basis. The Social Security Finance Law of France is one example. Although some contributory schemes may also include state subsidies, such provision would be pertinent. This allocation should ensure sustainability of the scheme and should reflect increases in wages and prices. It is strongly recommended to index the level of benefits to the consumption price index.

Complaint and appeal mechanisms

The legal principles of natural justice and fairness require administrative decisions to be made in a way that allows people affected by them to have a say and to hold those whose actions have an impact on a programme accountable for their actions. An important adjunct to these principles is a right to appeal a decision and have it reviewed. A mechanism should therefore be in place to collect and process complaints, in particular to review eligibility for the programme, to report instances of errors or abuse and to supervise the distribution of benefits. As far as possible, this also means establishing an independent appeals process to ensure due process. The right to appeal is generally subject to a time limit, within which requests for review must be made. Procedures for appeals may be set out in the legislation that establishes the unemployment protection scheme or in other more general legislation dealing with administrative procedures for all benefits under a scheme or part of the social protection system. More details on appeal mechanisms are included in session 5.2 of this module.

Tip box 5.1 (cont.)

What the ILO social security standards state

ILO Conventions and Recommendations stress the right to have efficient and accessible complaint and appeal procedures in the event of the refusal of a benefit or disagreement with the quality or quantity (Convention No. 102, Article 70; Recommendation No. 202, para. 3). To be effective, these mechanisms should be impartial and independent (appeals are heard by an authority that is independent of the administration that reviewed the initial complaint); fair; respect due process; transparent (decisions should be duly motivated); effective in answering complaints and appeals and providing remedies; simple; and rapid (administrative procedures should not be so burdensome or so excessive in time as to postpone receipt of benefits or act as a deterrent to filing a complaint).

Convention No. 168 (Article 27) also provides that claimants are to be informed in writing of the procedures available, which should be simple and rapid and that the procedures enable the claimant, in accordance with national law and practice, to be represented or assisted by a qualified person of their choice or by a delegate of a representative workers' organization or by a delegate of an organization that is representative of protected persons.

According to Recommendation No. 202, efficient and accessible complaint and appeal procedures, respecting the principles of due process, should be in place to allow persons to defend their rights and entitlements and ensure that implementing authorities can be held accountable (paras. 3(0) and 7). In particular, the complaint and appeal procedures should be impartial, transparent, effective, simple, rapid, accessible and free of charge to the applicant.

Administrative provisions

Good governance is necessary to guarantee an efficient and effective functioning of an unemployment protection scheme. This includes accountability and active participation of stakeholders, transparency of operations and viable access to information and then the reporting of results.

“Participation” refers to the effective involvement of stakeholders in all stages of a decision-making process about social security programmes, from policy design to the governance of schemes. With regard to the administration of a scheme, the ILO social security standards call for the participation of social partners and other stakeholders in the administration of social protection systems, especially

where this is not entrusted to a public authority (Convention No. 102, Article 72; Convention No. 168, Article 29).

An effective administration of any social protection scheme requires adequate administrative capacities and procedures and human and financial infrastructure. Legal and institutional frameworks should establish the roles and responsibilities of the different actors involved in designing, administering, delivering and enforcing social protection systems. For example, the law should confer the authority to the administration board to carry out the administrative functions.

In the case of non-contributory schemes specifically, provisions are also needed to establish accounts, administrative arrangements and authority for receiving contributions and paying benefits.

Administrative organizations are increasingly turning to electronic transactions as a way of introducing efficiencies into their operations. Legislative provisions are generally needed to authorize these sorts of transactions. In addition, legal frameworks need to ensure the protection of personal data and privacy. Specifically, the legal framework should provide that personal information should be kept private and free from misuse and should be collected only when necessary and only to the extent that is necessary and lawful. This further requires ensuring that data is collected with the knowledge and consent of subjects, is accessible to the subjects and is accurate, complete and up to date. Access to this information should be regulated, with the sharing of information strictly limited to exchanges necessary for the functioning of the system. Sound measures need to be put in place to ensure the security of the information stored and to prevent unauthorized access (see Module 4 for more details).

Enforcement provisions

Provisions for the enforcement of an unemployment protection system generally include the creation of offences and penalties for contravening scheme requirements and powers to conduct inspections to verify compliance and investigate the commission of offences (see session 5.2 of this module for more details).

Legislation is also needed to enforce the payment of contributions by an employer and on behalf of an employee. Legislation should stipulate how contributions are to be paid and provide for the collection of unpaid or overdue contributions – including interest rates – as well as inspections to verify amounts owed. The non-payment of contributions by an employer should not be a basis for refusing to pay employee benefits and should thus be stated in the law. Provisions should be included for applying sanctions on an employer or employee in the event of no payment of contribution (see the section 5.2 of this module for more details). Finally, liability also should be included to correct overpayments and provide refunds through legal processes.

Monitoring and evaluation

Social protection systems require institutionalized monitoring mechanisms to track performance and enable adjustments to changing conditions, if necessary. The need for the regular monitoring of implementation and periodic evaluation, in particular through the collection, compilation and analysis of social security data, is recognized by international standards (Social Protection Floors Recommendation, 2012 (No. 202), para. 3).

The law should require periodical actuarial valuation, in any case, before any changes in parameters are established by legislation.

Exercise



The five groups are asked to draft the outline of a law corresponding to the unemployment protection scheme. The outline should list all necessary items to be included in the law.

Answers to this exercise are provided in Handout 5-1.

Two main options for the overall legislative structure of an unemployment protection scheme

A new stand-alone unemployment protection law

The first possible option for the legislative structure is the creation of an act or law for the unemployment protection scheme. This entails strong coordination and harmonization with existing laws that might affect the implementation of the unemployment benefits as well as preventing duplication. It can be recommended to opt for this solution when the unemployment protection scheme is distinct from any existing programmes, although certain components of these other programmes might be required for the unemployment benefits. In a situation in which existing programmes have different structures and purposes and if they are scattered across other legislation, it can be difficult to modify the legislation to make it apply to the new unemployment benefits. In that case, the enactment as a new act eliminates the complexity and risks of low enforcement.

Some countries have also opted to emphasize the strong link between employment promotion and protection against unemployment. They have established a separate law that articulates both dimensions. This was the situation with the legislation reform undertaken by Viet Nam in 2013 that concluded with the adoption of the Employment Promotion Law. That law includes provisions related to employment promotion and retention, employment services, vocational training and unemployment insurance. Separate laws aimed at reinforcing the employment promotion dimension of the unemployment protection schemes are found in Germany, Japan and the Republic of Korea,³⁵ to name a few (see tip box 5.3).

Introducing unemployment benefits provisions into an existing act or law: Supplementary unemployment benefits chapter

The second option is to integrate an unemployment protection scheme, either contributory or tax-funded, into the existing social security or social welfare-related acts or laws. This would involve integrating an unemployment benefits chapter into the existing acts or laws and linking with other legislation and institutions related to employment promotion. In the case of contributory unemployment benefits, the social security act or law generally provides for the funding and payment of a range of benefits relating to the contingencies covered by social security insurance. It contains common provisions that are required for an unemployment protection scheme, too, notably definitions of terms such as employee, wages and earnings, the payment and collection of contributions, administration, finance and audits, adjudication of claims and appeals, periodical valuation and enforcement. This requires including separate provisions because the level of contributions and payments and qualifying conditions, among other matters, are different, while common principles related to social insurance-based management are similar to those applied to other benefits of a social security law.

With social assistance-based unemployment benefits, the related social welfare act or law may contain definition for the scope, such as persons at risk or who are vulnerable, and targeting mechanisms that can also be used to identify beneficiaries of unemployment benefits.

Country review – The legal framework for unemployment insurance

A review of 14 unemployment and employment insurance systems in Asia and worldwide revealed that five countries have included unemployment insurance benefits under their social security or social insurance law; eight countries opted for a separate law (although some of the countries started first by including unemployment insurance under their social security act); and one country kept unemployment insurance provisions within the labour law (tip box 5.3).

³⁵ J. Carter, M. Bedard and C. Peyron Bista: *Comparative review of 14 unemployment and employment insurance systems in Asia and worldwide* (Bangkok, ILO, 2013).

Tip box 5.3
**Examples of the legal framework for unemployment and
an employment insurance system**

Country	Social insurance law	Separate decree or law (employment or unemployment insurance act)	Related laws
Argentina			<p>1991: National Employment Law (Law 24.013), with provision for the protection of unemployed workers under Title IV</p> <p>2001: Law No. 25.371 (Industria de la Construcción. Sistema Integrado de Prestaciones por Desempleo) extended access for workers employed in the national construction industry</p> <p>1999: Law 25.191 on System Integral of Unemployment Benefits for Rural Workers</p> <p>1947: Law 13.047, which regulates unemployment benefits employees in private teaching institutions</p> <p>1995: Law 24.521 for teachers in private universities</p>
Bahrain	Consolidated Act on Social Insurance, 1976	2005: Legislative decree No. 78 of 2006 with Respect to Insurance Against Unemployment	
Canada		1996: Employment Insurance Act and related regulations, last amended in January 2011	
Chile		<p>2001: Law 19.728, which focused on permanent workers</p> <p>2009: Law 20.328, which allows qualified jobseekers to receive two extra months of benefits in a period of high unemployment, with coverage extended to temporary workers</p>	

Tip box 5.3 (cont.)
Examples of the legal framework for unemployment and an employment insurance system

Country	Social insurance law	Separate decree or law (employment or unemployment insurance act)	Related laws
China	Social Insurance Law, revised 2010	2008: Employment Promotion Law 1999: Regulations on Unemployment Insurance (State Council Ordinance # 258-99)	Civil Servant Law covering civil servants
Denmark		Law LBK No 838 of 2011, plus any subsequent amendments	
France		Convention d'assurance chômage, 2011	Labour Code (Articles L5422-20 to L5422-24)
Germany		Employment Promotion Act, 1969	
Japan		Employment Insurance Law (Law No. 116), December 1974 Consecutive amendments to the legal framework of the employment insurance system in 2001 (Law No.35) and in 2003 (Law No.31) (extending coverage, clarifying eligibility criteria, preventing misuse of the employment insurance system)	Law Concerning the Collection of Premiums on Labour Insurance (Law No. 84, December 1969)
Republic of Korea		Employment Insurance Act (Law No. 4644), December 1993	
Mongolia	Law on Social Insurance, which included provisions for Unemployment Insurance, 1984, revised in 2001	Law of Mongolia on Employment Promotion, 2001	Law on Payment of Unemployment Benefits from the Social Insurance Fund, December 1995
Thailand	Social Security Act, 1990 The Amended Social Security Act adopted in August 2003 introduced the unemployment insurance scheme		

Tip box 5.3 (cont.)
**Examples of the legal framework for unemployment and
an employment insurance system**

Country	Social insurance law	Separate decree or law (employment or unemployment insurance act)	Related laws
United States	The Social Security Act (Title III, Title IX, and Title XII) of 1935 and the Federal Unemployment Tax Act		
Viet Nam			Amendments to the Labour Code, which laid the groundwork for the introduction of unemployment insurance, April 2002

Source: J. Carter, M. Bedard and C. Peyron Bista: Comparative review of 14 unemployment and employment insurance systems in Asia and worldwide (Bangkok, ILO, 2013).

M5.1.d Practice session: Important notions to be clarified in the law and possible mechanisms to improve compliance

Discussion with participants



Discuss the following specific concepts and mechanisms applied to any unemployment protection scheme in terms of entitlement conditions and enforcement. The discussion should be organized either in plenary or by case study group, following the World Café methodology. The World Café is a group exercise methodology that encourages discussion of concepts and possible mechanisms to improve the enforcement of unemployment protection laws. During the discussion, participants are encouraged to draw from the experiences in their own countries.

- Keeping the same five groups corresponding to each of the five case studies, groups are formed into a “café”, each discussing one of the following concepts and definitions:
- moral hazard and qualifying conditions;
- quitters and involuntary jobless, reasons for termination and just cause;
- suitable employment;
- incentives for returning to work; and
- fraud and false statements.

Each café is headed by a café manager. Participants may volunteer to become café managers, or the managers may be selected by the organizers. Each group visits a café for 15 minutes, sharing their experiences and brainstorming on the concept to identify possible mechanisms for counteracting and preventing misuse of the scheme and improving law enforcement in the context of that café’s concepts and mechanisms. After 15 minutes, each group moves on to the next café and repeats the same discussion. This is repeated five times, giving the groups a chance to visit all of the other four cafés.

Once the five groups have finished their discussions at each café, the café managers make a consolidated list of possible mechanisms for improving law enforcement related to each concept. This is called a World Café report. Each manager then summarizes and presents the issues brought out in their café to the entire group of participants. The World Café reports made by the café managers are pinned up on a board so that participants can refer to them during their case study discussions.

Session M5.2: Enforcement and compliance mechanisms

Without the necessary compliance procedures, a social security system cannot achieve objectives. The legal framework has a major role in setting down provisions that secure compliance, including the registration and collection of contributions in contributory schemes; inspection and supervisory mechanisms; legal proceedings and penalties; and complaint and appeal mechanisms.

M5.2.a Presentation: Registration and collection of contributions

With contributory schemes, in which social security benefits are conditional on contribution payments and periods, it is important for social security legislation to specify which establishments and employees are liable for contributions and that they are also required to register with the scheme. It is recommended that the law also provide an indication on when and how the payment of contributions should be made. And it should require proper record keeping of contributions and specify the consequences for non-payment.

Registration systems are also crucial for non-contributory schemes, although the requested and registered information will be of another nature.

Tip box 5.1 (cont.)

What the ILO social security standards state

Recommendation No. 67 provides that it is the employer's responsibility to collect contributions for all employees and is entitled to deduct the amount due from the employees' remuneration (paras. 18 and 80). The collection of social security contributions also falls under the general responsibility of the State for the proper management of the system (Convention No. 102, Article 72(2)).

International social security standards further ask that to facilitate the efficient administration of benefits, arrangements should be made for recording contributions (Income Security Recommendation No. 67, para. 19).

The registration of employers and their employees with social security institutions typically is a legal obligation and the responsibility of employers. A legal provision should therefore require that the employer report each new employee before beginning employment or register new employees within a few days after beginning the employment relationship.

According to international labour standards, most laws provide that the payment of contributions is the employer's responsibility to deduct social insurance contributions from employees' wages. Such is the case in the Republic of Korea (National Health Insurance Act) and the Philippines (section 6(a) of the Government Service Insurance System Act, 1997), for example. In Mongolia, Article 17 of the Law on Social Insurance establishes "the duty of the employers and insurer to honestly and correctly calculate the payroll and similar income and the premium levied on them and to pay it by the due date". In Finland, section 152 of the Employees' Pension Act provides that the employer withholds employees' pension contribution from wages and pays the pension contribution in its entirety to the pension provider with whom the employer has arranged pension provisions.

The law may also specify when the deduction of contributions should take place. This is generally done at a monthly basis or when wages are typically paid, although the law should indicate if there is an exception in the case of special categories of workers, such as the agriculture sector or self-employment.

Tip box 5.1 (cont.) What the ILO social security standards state

Because it is often the employer's responsibility to pay contributions, even on behalf of the employee, the ILO standards provide that a person should not be disqualified for benefits by reason of the employer's failure to collect and pay contributions (Recommendation No. 67, para. 25 and Article 69, Convention No. 102 *a contrario*). The Committee of Experts for the Application of Conventions and Recommendations has pointed out in this respect that it is the responsibility of the State to adopt all the necessary measures to ensure that such benefits are provided in practice, even in a situation of failure of the employer to collect the contributions in accordance with Article 71(3) of Convention No. 102.

Linked to the employer's obligation to pay the contributions, the law should clearly state that the non-payment of contributions by the employer does not suspend the payment of benefits due. For instance, in Myanmar, Article 58 of the Social Security Act provides that insured persons or their survivors are entitled to the benefits provided under this act, even if contributions were not deducted from the wages or salary. Similarly in the Philippines, failure or refusal of the employer to pay or remit the contributions prescribed will not prejudice the right of the covered employee to the benefits of the coverage (section 22(b) Social Security Act, 1997).

The obligation to pay contributions is intrinsically linked to the need for record keeping and record maintenance. For earning-related schemes, the records will provide details of the years of service and earnings data from which benefits are calculated. This is, of course, essential for pensions, such as old-age benefits, to determine whether a member qualifies for a pension and for how many years of service and the earnings on which the pension will be calculated.

However, the legal obligation of registration and payment of contributions does not guarantee subsequent compliance with the scheme. Although, as discussed further on, this can be secured if combined with an effective inspection mechanism. Cases of evasion and fraud can occur at the hands of employers and scheme members. For example, employers may claim fewer staff than the minimum for compulsory affiliation to the scheme. They may otherwise understate employees' earnings. There are also cases in which employers deducted contributions from employees' pay but did not remit them to the social security authority. There also can be cases in which employees may collude with employers to avoid compliance.

The difficulties in implementing the legislation may require innovative solutions. Regarding the legal framework, certain safeguards can be built into laws to make sure employers do not avoid affiliation with the compulsory social security system. Or the law may provide that an employer must be affiliated to a special public institution, such as in Switzerland (Article 60(2) of the Law on Provident Funds). The law may otherwise provide that certificates be granted when the authorization to run a business is renewed that certifies that the business operates in conformity with the rules relating to the registration of workers and the payment of contributions, as is the case in Gambia.

Other safeguards may include ensuring by law that the payment of contributions has a priority over other liabilities of the employer, as is the case in Albania (Law No. 7703, 1993 on Social Insurance) and in the Philippines (section 6(b) of the Government Service Insurance System Act, 1997).

M5.2.b Presentation: Establishing inspection and supervisory mechanisms

"Moral hazard" is defined as a risk to private and social insurance schemes that results from uncertainty about the honesty of the insured person or the risk that a contract or law will change the

behaviour of one or all of the parties involved.³⁶

Inspection and supervision mechanisms are therefore a crucial element to ensure compliance and proper use of the scheme. Their role is to strengthen compliance with the social security laws to improve the efficiency of the administration and implementation of the scheme. In particular, they ensure that those who come within the scope of the law are duly registered and that registered establishments comply fully and correctly with the contribution regulations in the case of contributory schemes.

To meet this objective, social security legislation should provide for the appointment of an inspection system and set out the rules governing inspectors' right of entry into registered establishments.

Inspection mechanisms for a social security system will vary. Supervision may be carried out by more than one government department for one or a number of social security branches. Supervision may otherwise be carried out by a specific institution that is not part of a ministry but responsible to it. Sometimes, there may be a separation between the body responsible for implementing the social security system and the body that supervises and controls it. The advantages of centralizing the management regarding the collection of contributions and compulsory affiliation is better coordination, planning and linking of strategic activities.

In a number of countries, social security inspection is entrusted to the labour inspectorate because the social security institutions do not have their own inspectors. Thought should therefore be given to the most logical place to include provisions related to inspections and the rights of inspectors. There may be cases in which it is only necessary to amend provisions of existing labour inspector-related legal texts. In Montenegro, for example, the Law on Labour Inspection, 2008 gives the labour inspectorate the power to denounce employers who have not paid social security contributions. A similar provision that gives labour inspectors the right to investigate whether employees receiving benefits are employed by their employers is found in Hungary's Act LXXV on Labour Inspection. In Spain, Law 42 of 1997 integrated the control over the enforcement of all employment-related matters, including social security, into one single independent institution called the Inspectorate of Labour and Social Security.

Legislation should normally confer investigative powers upon inspectors. In general, the law will provide a wide arsenal of powers that are specific to each country and each system. These may include the right to inspect the premises of an establishment and audit its accounts; the right to interview employees; the right to scrutinize documents, including contracts, wage bookkeeping, time records, proof of expenses, income tax, etc.; the right to impose administrative sanctions; the right to initiate legal proceedings; and the right to register undeclared employees with the social security authority. These rights should be subject to judicial review, as is the case in most legal systems.

M5.2.c Presentation: Legal proceedings and penalties

To protect the integrity of the unemployment protection fund, the law should impose sanctions for non-compliance with the social security law. The list of offences in the legal framework may include fraudulent claims to benefits, the making of false statements, failure to pay social security contributions and failure to pay contributions on time.

These can be in the form of warnings first, then fines or imprisonment or both. Administrative penalties are usually based on the number of times an individual has made a false representation.

The law is relevant to the persons subject to it, those who implement it and those who uphold it. Penalties should exist to hold all persons subject to the law accountable, including employers, beneficiaries, social security officials and other professionals. Penalties for violation of the social

³⁶ ILO: "Social protection platform, glossary", http://www.social-protection.org/gimi/gess/ShowGlossary.do?GLOSSAIRE_LETTRE=m&GLOSSAIRE_LANG=EN [accessed 7 June 2016].

security laws should also be designed in a manner that renders them sufficiently dissuasive to make offenders aware and fearful of the consequence of non-compliance. At the same time, penalties should be reasonable and appropriate to avoid, to the extent possible, the closing of a business. For example, in the case of penalties applied to employers, fines should be set at an amount that does not make it more profitable for employers to pay the fine than to comply with the law.

In Lithuania, Article 36 of Law on State Social Insurance provides that employers who have not paid contributions in full are liable to pay a penalty equal to twice the amount due. In Montenegro, article 10 of the Law on labour Inspection, 2008 sets fines at 50–200 times the minimum wage for employers who did not register employees and failed to pay the social security contributions. The law can also prescribe the minimum and maximum penalty amounts that could be fixed. In addition to stipulating the value of fines, some national laws impose interest on overdue payments or additional fines for delayed payments. In Lithuania, for instance, Article 38 of the Law on State Social Insurance imposes a 0.5 per cent daily interest until contributions are paid. It is also common for national laws to contain provisions that progressively increase the surcharge for late payment in relation to the length of time by which the payment is delayed.

Regarding beneficiaries, the law should provide that benefits that are unduly received should be reimbursed, when they have been paid in error. And if beneficiaries receive a benefit to which they have no right because of their misrepresentation, the law may accompany the obligation to reimburse with a fine and a term of imprisonment.

The legal framework should provide sanctions for fraud committed by the agents responsible for the implementation of the social security system, such as social security officials. The Government of the Philippines refers to article 207 of Presidential Decree No. 626, whereby fraud committed by an employee of the social security system will be punished by a term of imprisonment of not less than one year.

In establishing provisions related to penalties and legal proceedings, it is important to map the existing social security legal framework and have a good understanding of its functioning. For example, where the responsibility for the collection of contributions falls under the tax authorities, reference should be made to respective laws, such as the Contributions Act in the case of Estonia, the Fiscal Code in the case of Moldova or the Internal Revenue Code of the United States.

Sanctions can sometimes be of an administrative or civil nature or can be considered a criminal offence. For recovery of arrears of contributions or the prosecution of employers, beneficiaries or implementing actors for false statement or fraudulent claims, or other offences, it may be necessary to resort to legal action if the administrative mechanism is unsuccessful or if the penalty is such that it requires a civil or criminal proceeding. Employers' withholding or evading making the contributions is considered a penal offence under the Penal Code of El Salvador (article 245) and the Undeclared Labour Act in Germany. In Canada, under subsection 44(1) of the Old Age Security Act, misappropriation of funds by the beneficiary is an offence under the Criminal Code.

In establishing the imposing penalties, it is important to be aware of the particular national legal processes, such as determining whether legal proceedings may be initiated with civil courts or with specific social security courts. Where enforcement is the responsibility of tax authorities, proceedings might need to be initiated in the same manner as tax recovery proceedings. Another consideration for the legal framework might be whether administrative and criminal proceedings can be initiated simultaneously for the same offence.

Evidence shows that legal proceedings to enforce social security legislation that is scattered – among social security and fiscal laws and the penal code – creates problems of enforcement and transparency. For example, law practitioners have a harder time grasping the laws; citizens struggle to understand how to uphold their rights; and offences either go unpunished or similar offences are punished by different types of sanctions. For these reasons, it is recommended to consolidate offences against social security in one legal instrument. Spain's Act on Offences and Sanctions in the Social Order, Royal Decree No. 5/2000 consolidated in its Chapter III three categories of offences related to social

security. In Belgium, all offences against the labour law and social security system are found in the Penal Code adopted by the Parliament in December 2009.

To ensure that standards of compliance are satisfactory, it is important to consider a combination of measures (awareness raising, publicity and education) alongside the threat of legal action. Legal action, however, should not be seen as a possibility but rather as a certainty for those who violate the law. Offences should be prosecuted. Otherwise, the belief that legislation can be flouted upon without regard to, or fear of, the consequences can lead to a mistrust and further non-compliance of the legal framework.

M5.2.d Presentation: Complaint and appeal mechanisms

The right to lodge a complaint in social security matters and the right to appeal decisions ensure compliance with and the effective implementation of the entitlements of insured persons and of due process. Complaint and appeal mechanisms enable persons covered by a scheme to lodge a grievance regarding a decision of the administration concerning the quantity or quality of an unemployment benefit or refusal to grant this benefit. It is the right of an unemployed worker to appeal the decision made by department officers. This is the cornerstone of an objective and unbiased decision-making process also recognized in the ILO Conventions related to unemployment protection and social security. The appeal should be entrusted to an authority that is independent from the authority that made the first decision to ensure that the process is conducted in fairness and to avoid arbitrary recourse decisions. In the case of unemployment insurance schemes, the appeal mechanism also should be extended to employers who have a direct interest in the unemployment insurance fund as a major contributor. The complaint and appeal process is as follows: First, if there is an administrative decision that is considered to be contrary to law, persons may complain against the decision and, if necessary, subsequently appeal the decision taken regarding the complaint.

The legal framework should set out the process to be followed, both for initiating a complaint and for appealing a decision. Of course, the social security system may already have an established mechanism, which could be the regular courts or through a special social security tribunal or other special arrangement under the labour legislation.

The process will depend on the size of the institution, the country's institutional and infrastructural development and the appeal system in place. For example, in the absence of a special appeal procedure against the decision of the social security system, the general rules governing the right of appeal of the normal court system can be observed if it has the power to review or annul any administrative social security ruling. For instance, in Thailand, the Social Insurance Act (No. 3), 1999 establishes the right to complain through a hotline service or letter of complaint to a social security officer over the internet. The employer, the insured person or any other person unsatisfied with a decision taken is entitled to submit an appeal in writing to the Appeals Committee. In Japan, claims related to health insurance and employees' pension insurance benefits must be made to a social insurance review officer. If the claimant is not satisfied with this decision, an administrative appeal is possible with the Social Insurance Review Panel, before the claim can be submitted to a court of law for judicial review. In Namibia, the Employees Compensation Amendment Act, 1995 provides that any person aggrieved by a decision in social security matters may lodge an appeal with the Labour Court.

Generally, the complaint and appeal mechanism follows a review procedure that involves first an administrative appeal, followed by a judicial review:

1. A complaint is lodged and carried out by the body that administered the benefit scheme. Often this is done with a higher-level administrative authority than that which decided in the first instance, within the social security system. In the United States, there is also a second level of administrative appeal in most states.
2. Once the internal complaint procedure has been exhausted, the procedure for appeal against the decision of this administrative authority should exist and be dealt with by an external body, either a court of a general jurisdiction or a special tribunal (for example, a labour or social security court or tribunal).

3. Further right of appeal may exist in some countries. The higher the level of appeal, the more highly qualified the tribunal members need to be.

The law may also provide for the composition of the dispute settlement mechanism. It is not uncommon to find a social security appeal tribunal, especially in the context of contributory schemes that are composed of three members: a chairperson, a representative of employers and a representative of workers. In Algeria, a special tripartite committee exists and is empowered to rule on disputes arising between social security institutions and the insured workers or other actors involved in the application of the social security law. In Austria, the Labour and Social Security Act provides that the proceedings of first instance are heard by a body composed of a professional judge and two experts who are not judges. An appeal can then be lodged to the court in charge of labour and social security matters.

Depending on the type of benefit, the body to which complaints and appeals are to be made varies. This is particularly true in the case of pensions, health insurance systems and unemployment protection schemes. In Poland, unemployment benefits granted by the administrative decision of the director of the district job centre can be appealed to the territorially competent *voivode* (governor of a province), as specified in the Code of Administrative Procedure. The decision of a *voivode* can then be appealed to an administrative court.

In the case of highly technical matters, a tribunal may need to include experts. For example, when assessing the degree of occupational safety and health (OSH) risk in a workplace that might be a reason for someone to quit a job, it will be necessary to have a specialist appeal tribunal with OSH-qualified members to perform such an assessment.

In addition to providing for the right to access a court in case of a complaint or an appeal and the right to seek an effective remedy, the legal framework should also lay down provisions that ensure the observance of the principles of due process, in accordance with the international labour standards. These fundamental guarantees are common across labour, civil and administrative procedures regarding the settlement of social security disputes.

Complaint and appeal mechanisms should be:

- impartial and independent: appeals are heard by an authority who is independent of the administration that reviewed the initial complaint; hearings are public; judges are required to be impartial;
- fair: claimants should have the right to receive legal aid; procedural equality between the parties in a dispute should be ensured; burden of proof should lie on both parties;
- transparent: both parties should have access to relevant evidence; decisions should be duly motivated; communication channels should be used that contain information about appeal rights and procedures for submitting an appeal;
- effective: answering claims and providing remedies should be appropriate;
- simple: flexible channels should be available for submitting complaints; decisions should be in writing using simple, clear and easy to understand terms;
- rapid: administrative procedures should not be so burdensome or excessive in time that they postpone the receipt of benefits or act as a deterrent to filing a complaint;
- financially and geographically accessible: the costs involved in accessing such mechanisms should not cause financial hardship to the claimant or prevent persons from filing a complaint; access to the complaint and appeal procedures should be free of charge to applicants; and
- have due regard for obstacles and limitations persons may face: claimants who cannot afford legal assistance should be represented by a public defender or counsel.

In the United States, section 42 of the Social Security Act requires that notices about programme benefits be written in simple and clear language. In Switzerland, according to section 37 of the Federal Law on General Social Insurance, claimants have a right to legal assistance in matters related to social security.

It is important that senior management continually monitors the progress of appeals, such as meeting the timelines for processing appeals, an appeal allowed versus disallowed, proper initial decisions and a high-quality appeal system. Some countries establish performance indicators for appeals in terms of timeliness and quality. In Viet Nam, an 18-month evaluation found that the department responsible for the unemployment insurance delivery scheme had received no appeal since the implementation of unemployment insurance in 2010. An effective appeal system is used frequently by employers and workers alike. It is a right of an insured person or employer to challenge department decisions that either deny or allow a claim for benefits.

Handout 5-1: Inventory of the elements of a proposed law for an unemployment protection scheme

Preamble

Part 1 – Title and commencement, interpretation, purpose and application

1. Short title and commencement
2. Purpose
3. Definitions
4. Coverage

Part 2 – Establishment and management of the organization

5. Establishment OR link with existing organization and purpose of the organization
6. Administration of the organization
7. Board of directors
8. Frequency of meetings
9. Functions and duties of the board of directors
10. Director General
11. Audit

Part 3 – Establishment and administration of the programme and its funds

12. Establishment and administration
13. General responsibility of the State

Part 4 – Registration with the organization

14. Registration of employers and beneficiaries
15. Information to be provided to employers
16. Information to be provided to beneficiaries

Part 5 – Benefits

17. List and type of benefits (such as financial compensations, active labour market policies, health insurance coverage)
18. Level and duration of benefits

Part 6 – Payment of benefits

19. Qualifying conditions (targeting methods in the case of non-contributory schemes, reasons for job dismissal)

Part 7 – Claim process

20. Notification of termination of employment or search for employment
21. Claim procedures and modalities for payment of unemployment benefits
22. Establishment of payment facilities and mechanisms
23. Liabilities to return over-payment.

Part 8 – Financing of the unemployment protection fund

A. Contributory schemes

24. Insurable income (definition of wage and earnings, consideration for overtime, allowances and bonus)
25. Rate of contributions by employers and employees
26. Responsibility for collecting contributions
27. Responsibility of employers for deducting workers' contributions and for remitting them to the unemployment protection organization
28. Time period for remitting contributions by employers
29. Protection of employees in case the employer fails or neglects to remit contributions
30. Responsibility for monitoring the public budget transfer and periodical actuarial reviews (especially before undertaking any reform of the system)

B. Non-contributory schemes

24. Public budget allocation
25. Responsibility for monitoring the public budget transfer and periodical actuarial reviews (especially before undertaking any reform of the system)

Part 9 – Revision and appeals

- 31(or 26). Request for revision of initial decision of the unemployment protection administration
- 32 (or 27). Claim to the national labour commission
- 33 (or 28). Appeal to the appellate court

Part 10 – Penalties and enforcement

- 34 (or 29). Penalty for non-payment or late payment of contributions
- 35 (or 30). Penalty for violation of the law
- 36 (or 31). Enforcement mechanisms

Part 11 – General and final provisions

- 37 (or 32). Contributions and benefits not subject to taxation
- 38 (or 33). Implementation plan
- 39 (or 34). Regulation

Handout 5-2: Just cause for quitting: Example from Canada

Under Canada's Employment Insurance Act, those who voluntarily leave their employment without just cause are denied employment insurance benefits. But in some cases, an employee who quits may prove just cause and be able to receive unreduced employment insurance benefits. Just cause exists where, having reviewed the circumstances, the unemployed worker had, as specified in the Canadian Employment Insurance Act, "no reasonable alternative" but to leave their employment. But the situation must be proven on the balance of facts. In some cases, alternatives may exist but do not resolve the situation or all attempts are exhausted without success. There are some 40 circumstances in which just cause might be proven in Canada, most of them listed in the following table. For more information, see Service Canada's website (see further reading).

Country box 5.3 Just cause for quitting in Canada

1. Armed forces – failure to re-enlist for a further term
2. Discrimination on a prohibited ground
3. Health adversely affected by work or working environment
4. Health adversely affected – on doctor's advice
5. Intolerable situations – living accommodations, food, facilities, employment amenities
6. Moral objections – employer's practices contrary to professional ethics, law
7. Moving because of an anticipated marriage
8. Obligation to accompany a spouse, common-law partner or dependent child to another residence
9. Overtime – excessive hours
10. Pregnancy – incapacity to work and leave not granted
11. Relation with authority – hostile atmosphere created by superiors
12. Retirement – undue pressures from employer
13. Transportation problems – serious, even insolvable
14. Union relations – no longer acting as strike-breaker
15. Wages – hiring conditions not honoured
16. Wages – unjustified reduction
17. Work away from family – serious illness in the family
18. Working conditions – significant unilateral changes
19. Working conditions that constitute a danger to a worker's health or safety
20. Disciplinary action – penalty clearly disproportionate
21. Duties – intolerable situation
22. Health adversely affected – on credible and convincing explanations from the claimant
23. Illness in immediate family – presence required
24. Moral objections based on religious beliefs
25. Moral objections – illegal activities or contrary to fundamental ethical values

Country box 5.3 (cont.)
Just cause for quitting in Canada

26. Moving with parents in the case of a minor
27. Obligation to care for a child or a member of the immediate family
28. Overtime – failure to pay
29. Assurance of another employment in the immediate future
30. Relation with co-workers – abusive treatment
31. Sexual or other harassment
32. Union relations – employer’s abusive treatment
33. Wages – formal promise of increase not fulfilled
34. Wages – loss due to employer’s financial difficulties
35. Wages or salary less than provided by legislation
36. Work away from family – after a reasonable period of absence
37. Working conditions – unreasonable, restrictive

Source: Service Canada: “Digest of benefit entitlement principles”, http://www.servicecanada.gc.ca/eng/ei/information/voluntarily_leaving.shtml [accessed 7 June 2016].

Further reading

Carter, J.; Bedard, M.; Peyron Bista, C. 2013. *Comparative review of 14 unemployment and employment insurance experiences in Asia and worldwide* (Bangkok, ILO). Available at: <http://www.social-protection.org/gimi/gess/ShowProjectNews.do?nid=16291&pid=1385> [7 June 2017].

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MODULE 6:

Designing practical scenarios of options and discussing their cost

How to move from a range of options to setting parameters

Objectives of the module

- Learn how to assess and select parameters for practical policy options.
- Assess the importance of an accurate cost estimate and discuss possible sources of financing.
- Understand the ILO principles for calculating the cost of unemployment protection schemes.
- Learn what types of data are required, possible sources for data and the need for making assumptions.

Estimated duration of the module: 5 hours

Content

Session M6.1 (1 hour and 30 min): From a range of options to practical scenarios for improving unemployment protection

M6.1.a Presentation: Converting a range of options into practical scenarios

M6.1.b Practice session: Determining best scenarios on the basis of the case studies for Coresia

Session M6.2 (3 hours and 30 min.): Basic knowledge of actuarial principles and techniques, and the ILO tools for assessing the cost of unemployment protection schemes

M6.2.a Presentation: Basic actuarial principles and techniques and the ILO cost-estimate tools

M6.2.b Practice session: Identifying sources, understanding data and the different parameters of the formula and estimating the cost of unemployment protection schemes

Checklist of questions that are answered through the module

- ✓ How to select recommendations (identified in the assessment matrix) that can be converted into practical scenarios?
- ✓ How do we design, assess and select parameters for the practical scenarios?
- ✓ What are low and high scenarios?
- ✓ What are the different cost calculation tools used by the ILO and when can these tools be used?
- ✓ What is an actuarial valuation and why do we need an actuarial valuation?
- ✓ Should we conduct actuarial valuation, and who should conduct it?
- ✓ What is the Rapid Assessment Protocol and how is it used?

- ✓ What are the advantages and limitations of the Rapid Assessment Protocol?
- ✓ What are the input data needed and the possible sources?
- ✓ What assumptions can be made and when do we need to make them?
- ✓ How do we project missing data, such as the unemployment rate?

Training methods: Presentations, group exercises and cost-estimation models.

Material to be distributed to participants (attached to the module): Parameters and definitions, case studies, assessment matrix and Excel-based cost estimation tools.

Physical media required: Writing paper and pens, chart paper, coloured pens, board to pin up chart papers, white board, markers, laptops and LCD projector.

Challenges: Obtaining data for the cost calculation exercise may be a long and challenging process. The data may not be available at a single source, and users may need to spend considerable time and effort in procuring the data. The process of designing scenarios for the range of options, collecting information and calculating costs is done in consultation with actuaries and by making reasonable and logical assumptions.

Some policy-makers may be interested in the impact of unemployment protection schemes on the economic situation of beneficiaries and their families. If multiple benefits are availed by a person, it may lead to a situation in which family members receive more than they need. Coordination between schemes and agencies is important to ensure an adequate level of benefits and to prevent the inefficient use of resources.

ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) recommends actuarial valuation of the unemployment protection fund to be conducted when designing the scheme and periodically to maintain its sustainability.

Session M6.1: From a range of options to practical scenarios for improving unemployment protection

M6.1.a Presentation: Converting a range of options into practical scenarios

From a range of options to practical scenarios

After the assessment matrix is completed (see Module 3), policy-makers will map the existing and planned unemployment protection schemes and measures in the country, gaps and challenges as well as recommendations or a range of options to address those gaps. The next step then is to convert the recommendations into possible scenarios and to estimate the cost of implementing each scenario.

Some recommendations are quantitative in nature:

- extend coverage of the existing unemployment protection scheme;
- increase the level of existing benefits;
- introduce an unemployment cash-benefit scheme, contributory or non-contributory; and
- introduce an active labour market programme (vocational training, public employment programme, support to entrepreneurship and so on).

The cost of implementing them over a five- to ten-year period can be estimated using costing tools.

Other recommendations are qualitative in nature:

- improve administrative processes and efficiency;
- improve the targeting and registration mechanisms; and
- improve the quality of employment placement and counselling services.

Recommendations can be converted into scenarios only if they are of a quantitative type. Also, they may be selected if they are in accordance with the government's priorities and/or fiscal resources can be allotted to cover the benefits. At times, sufficient data and statistical information may not be available to conduct a cost-estimation exercise nor can suitable assumptions be made. In such situations, additional studies may be needed to cost those recommendations.

Designing practical scenarios

The process of developing scenarios can be considered through real examples. In Indonesia, the following recommendations were made during an assessment-based national dialogue on social protection (2011–12):

- i. Conduct a feasibility study for an unemployment insurance scheme and explore links with employment services.
- ii. Develop a public employment programme that links with skills development for workers in the informal economy.

For the first recommendation, a practical scenario could be, for instance, an unemployment insurance scheme that covers all employees during a maximum period of six months who receive 50 per cent of their previous earnings.

A possible scenario for the second recommendation could be to establish a public works programme that provides 30 days of work per person per year and is linked with ten days of vocational training every five years.

A recommendation may be converted into more than one scenario, such as for different target groups, with different benefit levels and durations. Policy-makers can then compare the costs of the different scenarios and make a more informed decision, depending on available fiscal resources and their national context. The decision on the different parameters results from a national dialogue, facilitated by technical experts. The International Labour Organization (ILO) Conventions and

Recommendations, in particular Social Security (Minimum Standards) Convention, 1952 (No. 102), the Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168), Employment Promotion and Protection Against Unemployment Recommendation, 1988 (No. 176) and Social Protection Floors Recommendation, 2012 (No. 202), provide minimum standards and guidelines for determining the parameters of each option.

Exercise box 6.1

Selecting parameters for possible scenarios of unemployment protection options in Coresia

The two recommendations to improve unemployment protection discussed during the assessment-based national dialogue on social protection in Coresia were:

- R-1: Introduction of unemployment insurance
- R-2: Public employment programme

The recommendation for unemployment insurance could be elaborated around the following parameters:

Scenario 1-1: Unemployment insurance benefits provided to **all employees with at least a three-month** contract, for a duration between **three and six months**, depending on the period of contribution, at **50 per cent** of past salaries.

Scenario 1-2: Unemployment insurance benefits provided to **all employees**, for a duration between **three and six months**, depending on the period of contribution, at **60 per cent** of past salaries.

Scenario 1-3: Unemployment insurance benefits provided to **all employees**, for a duration between **three and six months**, depending on the period of contribution, at **60 per cent** of past salaries for those laid-off and **30 per cent** for those voluntarily leaving.

The recommendation to develop a public employment programme can be translated into several scenarios, as follows:

Scenario 2-1: Public works programme providing **30 days** of work per person per year plus **10 days** of vocational training every five years.

Scenario 2-2: Public works programme providing **50 days** of work per person per year plus **10 days** of vocational training every five years.

Scenario 2-3: Public works programme providing **50 days** of work per person per year plus **15 days** of vocational training every five years.

Low and high scenarios

Some scenarios may be bundled together when advocating with policy-makers to provide the best protection to workers and their families. Such a combination of scenarios, which recommends a minimum amount of benefits, is known as a “low scenario”. Consequently, a combination of scenarios that recommends a maximum amount of benefits is known as a “high scenario”.

Exercise box 6.2

Building low and high scenarios of unemployment protection options for Coresia

Following on from exercise box 6.1, the following package of benefits and programmes would constitute the **low scenario**:

Scenario 1-1: Unemployment insurance benefits provided to all employees with at least a three-month contract, for a duration between three and six months, depending on the period of contribution, at 50 per cent of past salary.

Scenario 2-1: Public works programme providing 30 days of work per person per year plus ten days of vocational training every five years.

And the following combination may be considered as the **high scenario**:

Scenario 1-3: Unemployment insurance benefits provided to all employees, for a duration between three and six months, depending on the period of contribution, at 60 per cent of past salary for those laid-off and 30 per cent for those voluntarily leaving.

Scenario 2-3: Public works programme providing 50 days of work per person per year plus 15 days of vocational training every five years.

M6.1.b Practice session: Determining best scenarios on the basis of the case studies for Coresia

Exercise



In this session, the case study groups work together. The groups have already made recommendations in the assessment matrices. Now each group is asked to: (i) distinguish the quantitative from the qualitative recommendations; and (ii) convert only the quantitative ones into at least two scenarios, while being assisted by a facilitator.

Participants are provided with chart paper and markers to note down their scenarios. The groups are also asked to determine the low and high scenarios.

Session M6.2: Basic knowledge of actuarial principles and techniques, and the ILO tools for assessing the cost of unemployment protection schemes

M6.2.a Presentation: Basic actuarial principles and techniques and the ILO cost-estimate tools

Basic actuarial principles and techniques

Actuarial valuations are intended to review the present and expected future financial developments of existing or new social security-related schemes. It offers the possibility to assess the sustainability of structural reforms in the case of existing schemes, reforms made necessary by external factors, such as an ageing population or structural unemployment. Actuarial valuations are also an important step in the design of new schemes because they allow for the assessment of the financial sustainability of the proposed parameters.

Tip box 6.1

The need for actuarial valuations

“It is the actuary who has to judge whether the vision of the future development of a given society and economy which underlies all assumptions is consistent and realistic.”

Actuarial valuations are conducted to:

- assess and monitor the financial situation of social security programmes;
- assess the scheme’s long-term financial stability with present contributions rates and financial mechanisms;
- identify causes of present and possible future deficits;
- advise on measures to maintain or restore financial equilibrium;
- advise on possible reforms to the financial system; and
- assess adequacy of benefits levels;
- inform policy makers on feasible options for a new programme or reforms of the existing system.

Actuarial valuations are conducted by an actuary to deal with uncertain future events. To project possible scenario for these events, the actuary uses simplified representation of the reality, which is called a “model”.

Actuarial models do not fully reflect the complex interactions among different factors influencing social security systems. Actuarial models do not project the future but instead calculate the most likely demographic and financial situations if the assumptions turn out to be true. Such calculations are sensitive to projections made by national institutions and/or assumptions made by the actuary, such as on inflation, the rate of return on investment, wage growth, the unemployment rate and the coverage rate. The credibility of the actuarial valuation results rely entirely on the completeness, accuracy and reliability of data available in the country.

ILO cost-estimate tools

The ILO has developed a range of financial models and cost-estimate tools. For instance, the ILO created a social budget model that performs a comprehensive modelling of social expenditures, although it requires in-depth training and expertise to use.

The increasing importance given to the social protection floor and cost argument associated with national priorities led to the Rapid Assessment Protocol (jointly developed by ILO and UNICEF in

2010). It is a compact, flexible and simplified tool to provide quick and preliminary cost estimates of social protection policy options. It can be adjusted by actuarial and economics experts to each national context. It can provide practical inputs to the national dialogue and decision-making processes. The Protocol also can be used to calculate the cost of implementing non-contributory schemes, such as those for informal and rural economy workers. However, the results remain simplistic and indicative and cannot be used directly in designing a scheme without undergoing further in-depth actuarial studies. To calculate the cost of unemployment insurance schemes, which would be contributory in nature, actuarial models are used.

Additional information and technics for using the Rapid Assessment Protocol are provided in the 2016 ILO publication, *Social Protection Assessment-based National Dialogue: A Global Guide*.

M6.2.b Practice session: Identifying sources, understanding data and the different parameters of the formula and estimating the cost of unemployment protection schemes

Sources of data and assumptions

Historical data and projections are required to calculate the cost of the social protection benefit packages and to project this cost over several years. It is recommended to use data produced by well-recognized national institutions, such as bureau of statistics, an economic and planning division and macroeconomic institutes accredited by the government. For more details, refer to the key indicator definitions in Module 3.

When designing a benefits package, it is important to list the data required for calculating the costs and to identify the organizations able to provide historical data and projections. Obtaining data, including the population structure, labour force participation rates per age group, gross domestic product (GDP) growth estimates, other economic indicators, per capita costs of existing social protection schemes and administration costs, may be a long and arduous process. The data may not be available from a single source, and persons conducting the process may have to spend considerable effort in procuring the figures.

The main sources of information for the required data are:

- Census data, which give details about the population, labour force, types of employment and number of people in each type, average employment status, age, sex, annual income and so on.
- Survey data produced at regular intervals (monthly, quarterly, etc.) or through special requests, such as labour force or wage surveys, employment figures by industry, occupation and education, consumer price index and household income and expenditures.
- Operational and financial data, depicting the operational and financial performance of social and public programmes, such as payments and contributions, employer and jobseeker registrations, taxation authorities for total declared income and deductions from earnings.
- Macroeconomic data produced for national accounts, taken from national statistical agencies or international agencies, such as GDP, total wages and wages by sector.

A quick reference point for different economic and demographic data is the national statistical yearbook of a country.

Some common institutions compiling data and statistics include:

- national statistics office;
- line ministries and national social protection institutions;
- central bank;
- research institutes; and
- universities.

Each line ministry may be approached for a specific set of data. For instance, the ministry of planning (or its equivalent) may record GDP and population projections; the ministry of finance may provide data on government budget and planned expenditures; the ministry of interior may provide registration

details for social security benefits; the ministry of commerce may have data on the consumer price index; and the ministry of finance and banks may provide projections on economic and financial indicators. Several sources may provide different data; therefore, the team preparing the actuarial study needs to cross-check and clean the data until they are confident enough to use it.

Low, middle and high projections, depending on pessimistic, medium or optimistic conditions, reduce the chances for error. The obtained data could be incomplete or imperfect and assumptions may have to be made to use the data. In some cases, available data may not fit what is needed, and the team preparing the Rapid Assessment Protocol should make some assumptions or calculate their own projections.

Alternative sources of data, such as United Nations population models, the database of labour statistics and the International Monetary Fund's World Economic Outlook, may be used in the absence of data from national sources. Some of the data and information might still be unavailable and, thus, some assumptions may be necessary.

The process of designing scenarios, obtaining and verifying information, making assumptions for the development of scenarios (level and duration of benefits, cost of certain services and administrative costs, among others) and projections of indicators are all done by consulting technical specialists and actuaries.

Estimating the cost of non-contributory benefits



The cost of implementing a social assistance benefits for unemployed workers mainly depends on the number of beneficiaries among the target population, which fluctuates with the unemployment rate and qualifying criteria (see exercise box 6.3) and the level of benefits, which is agreed as reasonable by stakeholders. Follow the formula in exercise box 6.3 for estimating the cost of non-contributory benefits.

Exercise box 6.3

Estimating the cost of non-contributory benefits

Cost of scenario = number of people in the target group x cost of benefits per head + administrative cost per head

Number of people in the target group = target population x coverage

The “target population” is the current number of people in a specific group and is projected using the demographic patterns of the country. Coverage depends on current coverage of the target group, and it increases according to a reasonable take-up rate, which may be decided in consultation with stakeholders and by considering such factors as status of implementation of the benefits, existing institutional capacities and so on.

The cost of benefits per head assumes a current benefit level according to the scheme's design. In the case of a cash-support scheme, the cost of benefits per head is a certain amount, usually compared with the poverty line or the minimum wage and/or a certain percentage of GDP per capita. In the case of an active labour market programme, the cost of benefits per head will consider a number of additional expenses per head: vocational training according to the type of training, stipend or allowance for enabling attendance to vocational training, salary in a public employment programme, among other benefits available to the beneficiary. Such information is usually provided by the ministry of labour and/or ministry of education and vocational training.

The cost of benefits per head is increased every year, based on inflation, wage increases and other factors. It also includes an administrative cost. The administrative cost per head is assumed, based on experiences in implementing similar schemes in the country. It is often assumed that a proportion of the administrative cost as part of the total cost will remain constant over the years. The cost of

initial investments, such as infrastructure and equipment needed for launching a new scheme, is not reflected in the cost estimate of an option; that would require further assessment of the existing capacity of public institutions and an assessment of eventual partnership with private institutions.

The cost of the scheme is usually compared with GDP and government expenditure. It thus provides an indication of the cost implication of the new tax-funded scheme on the national budget. To get a sense of whether a social protection programme is sustainable or not, it is important to compare it with domestic revenue sources, at present and in the future.

Estimating the cost of contributory unemployment insurance benefits

Unlike non-contributory schemes, such as social assistance programmes and/or active labour market programmes that are funded out of general government revenues, contributory unemployment insurance schemes are financed from employers' and workers' contributions and, in some cases, government contributions. Hence, the discussion on the costs of an unemployment insurance scheme would revolve around the employer-employee contribution rate (as a percentage of insured earnings up to a maximum amount) rather than in terms of government expenditure.

As an insurance scheme, unemployment insurance exhibits the following group insurance characteristics: uniform premium and benefit rates, mandatory coverage (or voluntary for certain economic sectors and occupations), sharing of costs between employers and employees, role of employers in the collection of contributions, and participation of employers and employees in the administration of the fund. Employer-employee contributions can promote the long-run viability of the scheme if implemented and managed correctly. Such a scheme reduces the stigma associated with job loss and reliance on public assistance. Even so, when faced with a protracted economic crisis in which the benefit claims increase while the contribution fund diminishes, temporary state financing may be necessary. In addition, potential shortfalls in the unemployment insurance contribution funds, national governments can subsidize administrative costs, subsidize extension of benefits during an economic or natural crisis and/or provide non-contributory benefits for unemployed workers, such as means-tested allowances.³⁷

The combined employer-employee contribution rate is determined by dividing the total amount of unemployment insurance benefits to be paid by total insured earnings. Hence, there are three main steps in the cost-estimate process of an unemployment insurance scheme:

1. estimate the total contributory or insured earnings;
2. estimate the total unemployment insurance benefits to be paid; and
3. calculate the ratio of total unemployment insurance benefits to be paid to total contributory earnings, which provides the combined contribution rate shared between employers and workers.

Estimating total contributory earnings

The first step of the cost-estimate process assesses the total annual amount of earnings insured by the unemployment insurance scheme, also called the "total contributory earnings". This is a simple step that involves multiplying the number of contributors by the combined contribution rate and the average contributory earnings in a year. Assuming a fixed contribution rate, this amount would vary in proportion to the changes in average wage, employment rate and the unemployment insurance coverage rate. The forecasted employment rate and unemployment insurance coverage rate are necessary for the projection of total unemployment insurance fund contributors. Their contributory earnings are also capped at a maximum limit. Follow the formula in exercise box 6.4 for calculating total contributory earnings.

³⁷ Bahrain, Thailand, Viet Nam and, to a minor extent, Chile, are the few country exceptions whereby the government contributes, not as an employer though, to the unemployment insurance fund. See J. Carter, M. Bedard and C. Peyron Bista: *Comparative review of unemployment and employment insurance experiences in Asia and worldwide* (Bangkok, ILO, 2013).

Exercise box 6.4 Estimating the total contributory earnings

$$\text{Total contributory earnings} = \text{number of contributors} \times \text{average contributory earnings} \times \text{combined contribution rate}$$

Estimating the amount of benefits

The second step estimates the total amount of unemployment insurance benefits to be paid out on an annual basis. This is done by multiplying the number of insured unemployed people satisfying the eligibility criteria with the average unemployment insurance benefit amount and claim duration as expressed in weeks. Follow the formula in exercise box 6.5 for estimating amount of benefits to be paid.

Exercise box 6.5 Estimating the amount of benefits

Total unemployment insurance benefits in a year =

$$\text{insured population} \times \text{unemployment incidence rate} \times \text{proportion of insured unemployed who meet eligibility criteria} \times \text{average duration of claims in a year (expressed in weeks)} \times \text{average weekly benefits}$$

To estimate the number of insured unemployed persons in a year, the annual unemployment incidence rate of the insured population should be used. This incidence rate measures the risk of insured workers for becoming unemployed, for example, the flow of new unemployment insurance claims. It differs from the general unemployment rate, which gives the average ratio of unemployed persons to the total labour force within a year, for both insured and non-insured employed persons. The relationship between the unemployment rate and the total unemployment insurance benefits paid in a year is not straightforward because unemployment insurance benefits are predicated on a capped claim duration that is also dependent on the period of insured employment. For example, a high unemployment situation will only increase the total unemployment insurance benefit claims if there are many new qualified unemployment insurance claims. The volume of claims will not increase if the unemployed population consists of mainly long-term unemployed persons who have exhausted their unemployment insurance benefit entitlements.

Because individuals can move between employment, unemployment and economic inactivity during the course of the year, it is necessary to know both the number of people who were unemployed and the number of people who were part of the labour force at some point during the year in order to calculate the incidence of insured unemployment. This can be calculated by first breaking down employment data into shorter time frames, such as by weeks, to obtain detailed information, such as the average number of weeks worked in a year and the average weekly wages. For instance, the number of people who were unemployed at some point during the year can be calculated by dividing the total weeks of unemployment within a year by the average duration of unemployment expressed in weeks.

Assuming that a large proportion of the employed population is insured, the incidence of insured unemployment can be estimated using the incidence of total unemployment. Follow the formula in exercise box 6.5 to make the calculation.

Exercise box 6.5 (cont.) Estimating the amount of benefits

$$\text{Unemployment incidence rate for the insured population} \approx \text{unemployment incidence rate for the total population} = \frac{(\text{unemployment rate} \times \text{average number of weeks worked})}{\text{average duration of unemployment within a year}}$$

However, in most developing economies, the reality is that the unemployment insurance scheme will only cover a limited portion of the employed population. Assumptions on the unemployment incidence rate for insured workers would have to be made, with guidance from labour economists. In addition to labour market conditions influencing the flows and duration of unemployment insurance claims, the cost of implementing an unemployment insurance scheme depends on the result of the consultations among stakeholders. The following explains factors that affect the unemployment insurance scheme cost.

Definition of the target or insured population: The insured population depends on the specific terms of the enabling legislation and usually covers employees who are salaried or paid hourly. Convention No. 168 proposes that at least 85 per cent of paid employees should be covered. This excludes self-employed workers, for whom the Convention recommends special provisions, as well as certain uninsured new jobseekers.

Qualifying conditions: The proportion of insured unemployed people who meet the eligibility criteria indicates the proportion of previously employed workers who worked long enough or had enough earnings to be eligible for benefits. Ideally, most workers who lose their job involuntarily should qualify for benefits.

Benefit level: The average weekly benefits are normally linked to recent average earnings. Convention No. 102 proposes that the benefits should be subject to a minimum of 45 per cent of earnings, while Convention No. 168 proposes 50 per cent. When calculating the recent average earnings, it is important to keep in mind that the last few weeks of employment could have low or reduced earnings because workers' activities were being gradually reduced. Earnings data also should be segregated by age, educational qualification, occupation and industry, if possible. Depending on the cause of recession or business cycle phase, the composition of unemployed workers varies and affects the average benefit level.

Duration of claims: The average duration of claims in a year depends on the initial waiting period, duration of unemployment and the maximum period of benefits allowed by law. Usually, an initial waiting period is given, during which no benefits are paid, to prevent abuse of the benefit payments. Convention No. 168 proposes a waiting period of seven to ten days, with adjustments for seasonal workers. The maximum period of benefits can be related to years of service, amount of previous earnings or macroeconomic conditions (higher payment duration for higher unemployment in a country). Usually, it is provided that the maximum period of benefits can be spread over a longer period of time, for example, the provision of unemployment insurance benefits for up to 26 weeks within a 52-week period. This is to encourage unemployed workers to take up suitable jobs while still being entitled to unemployment insurance benefits. According to Convention No. 168, the duration of benefits may be limited to 26 weeks in each spell of unemployment or 39 weeks over 24 months.

Administrative costs: The collection of premiums is often done together with other insurance schemes. The administrative costs depend on existing structures of public administration, capacity and participation of employers (such as in delivering records of earnings, reporting causes of job loss, collecting premiums) and cooperation of workers. The major component of the cost is due to receipt and verification of claims. An appeal leading to a judicial review could be costly. According

to the ILO and the International Social Security Association publication *Actuarial Practice in Social Security*,³⁸ administrative costs may be assumed at 6 per cent of benefit costs, subject to the contexts of different countries and different unemployment insurance schemes.

Cost over time – projection assumptions

Once an unemployment insurance scheme has been in operation for a few years, the benefit costs may be projected over time by forecasting the number of unemployment insurance contributors, the average duration of claims in a year and the average weekly benefits. When benefits are related to earnings, the average benefit payments grow in line with increases in the average wage. The maximum limit for calculating benefits should be revised periodically to stay in line with price growth. The ratio of average benefit to average wage should remain relatively constant over time; this can also be used as a checkpoint in the calculations.

The number of insured unemployed workers who meet the eligibility criteria or the number of beneficiaries is usually projected by considering the growth in unemployment insurance coverage and the unemployment incidence rate. Under strong assumptions on the labour market dynamics, the unemployment incidence rate can be projected using forecasts on the labour force and unemployment levels. Potential reforms in relevant legislation that may affect unemployment insurance coverage, eligibility conditions, benefit level and claim duration also should be taken into account.

Exercise box 6.6

An example of calculating the cost of implementing an unemployment benefit (income replacement) scenario

The cost of implementing a scenario is calculated as:

$$\text{Cost} = \text{number of beneficiaries} \times \left(\text{cost of benefits per head} + \text{administrative cost per head} \right)$$

The number of **beneficiaries** can usually be calculated from population, economically active population and economic data. In the case of unemployment insurance, additional information from other sources is necessary because not all of those who are insured and unemployed will receive the benefit. The number of beneficiaries can be estimated by:

$$\text{Number of potential beneficiaries} = \text{target population} \times \text{legal coverage rate}$$

The identification of the **target population** is the result of consultations among stakeholders and takes into consideration the financial capacity or fiscal space of the country. Often it refers to persons unemployed, economically active and who have worked before in the formal sector (although some countries include first-time jobseekers). The target population is projected to increase or decrease in line with a number of factors, such as:

- growth patterns of the overall population or for specific age groups;
- growth patterns of rural and urban populations (urbanization trends); and
- unemployment rate trends.

³⁸ P. Plamondon et al.: *Actuarial practice in social security* (Geneva, ILO and ISSA, 2002), http://www.ilo.org/wcmsp5/groups/public/--ed_protect/--secsoc/documents/publication/wcms_sec_soc_776.pdf (7 June 2016).

Exercise box 6.6 (cont.)

An example of calculating the cost of implementing an unemployment benefit (income replacement) scenario

Legal coverage rate is the proportion of the insured unemployed workers who would receive unemployment insurance benefits after satisfying all the qualifying conditions. Qualifying conditions can be decided based on consultations with stakeholders and involve, among others: the reason for job dismissal, the duration of (continuous) prior contributions, the waiting period after dismissal and willingness to work (as indicated by reporting to employment services office). Typically, such information needed to calculate the effective coverage rate can be sourced from the Labour Force Surveys and the social security administrative database.

Unlike one-off transfers, unemployment benefits are contingent upon the duration in unemployment that is between the end of the waiting period and the maximum duration granted. The cost of benefits per head is calculated as:

$$\begin{array}{rcccl} \text{Cost of benefits} & & & & \\ \text{per head} & = & \text{average duration (in weeks)} & + & \text{average weekly} \\ & & \text{of claims in a year} & & \text{benefit level} \end{array}$$

The cost of benefits per head is a capped amount, usually assessed as a percentage of a person's (averaged) previous earnings or a national reference wage. The benefit level can vary, depending on the duration of unemployment, household composition and if a person had voluntarily resigned from work. **Administrative costs** per head should be based on administrative costs of similar unemployment insurance schemes, which have been estimated to be approximately 6 per cent of the total cost of benefits.

Referring back to the earlier example of Coresia, the cost of implementing an unemployment protection scenario can be calculated based on the parameters decided during stakeholder consultations:

Scenario 1-1: Unemployment insurance benefits provided to all employees with at least a three-month contract, for a duration between three and six months, depending on the period of contribution, at 50 per cent of past salaries.

The Coresian unemployment insurance scheme is expected to cover only the insured economically active workers who are unemployed, used to work before and are seeking work. With an economically active population of 37,265,804 in 2015, the **target population** for the unemployment insurance scheme can be calculated using the unemployment rate (4.7 per cent), the unemployment insurance coverage rate or a proportion of those contributing to the social insurance scheme (39 per cent) and additional information provided by the Labour Force Survey: the proportion of the unemployed who are actively seeking employment (57.4 per cent) and used to work (69 per cent). Here, there is no information on the length of employment contract, so it is assumed that the target population possess the minimum three-month contract.

Economically active population (in thousands)	37 266
who are unemployed (4.7 per cent)	1 751
insured under unemployment insurance (39 per cent)	683
seek employment (57.4 per cent)	392
and used to work (69 per cent) = Target population (in thousands) =	271

In Coresia, only those who were involuntarily dismissed and have at least 12 months of contribution qualify for the unemployment insurance benefits. Key data from the Department of Social Security: the employment rate of the unemployed during the waiting period (before disbursement of unemployment insurance benefit, 5.2 per cent), the percentage of involuntary dismissal (82 per cent), and length of unemployment insurance contribution (39.7 per cent with at least 12 months' contribution).

Exercise box 6.6 (cont.)

An example of calculating the cost of implementing an unemployment benefit (income replacement) scenario

Target population under unemployment insurance scheme (in thousands)	271
who are involuntary unemployed (82 per cent)	222
did not find work during waiting period (100 per cent - 5.2 per cent)	210
and have minimum contribution (39.7 per cent) = Number of beneficiaries (in thousands) =	83

The Department of Social Security also reports the mean duration of unemployment insurance benefit claim to be 1.81 months while the average monthly earnings of those who have left the social security system in the last three years was 8,650 Coresian dine (COD). This means that the average unemployment insurance benefit level is about COD4,325 per month (50 per cent of the reference wage) and COD7,825 per year (from average claim duration, 1.8 multiplied by the average monthly unemployment insurance benefit).

Assuming that the administrative cost of the unemployment insurance scheme in Coresia is 5 per cent of the cost of the unemployment insurance benefit, the total cost of the unemployment insurance scenario can be calculated as:

$$\text{Cost of unemployment insurance benefits} = 83\,492 \text{ beneficiaries} \times \left(\text{unemployment insurance benefit per head} + \text{administrative cost per head} \right)$$

COD7 825.25 COD391.26

For 2015, the cost of unemployment insurance benefits in Coresia would have been approximately COD686 million.

Estimating the contribution rate

The financial system used for unemployment insurance could be defined as the pay-as-you-go system, with a horizon of several years. After estimating the amount of the total cost of benefits to be paid, the desirable contribution rate can be set. To decide on a suitable contribution rate, different revenue streams may be compared, including interest from the investment of the unemployment insurance fund. It is desirable to have a contribution rate that remains stable over time, therefore including a reasonable margin for buffering unemployment rate fluctuations. However, occasional adjustments are usually necessary due to fluctuations in unemployment levels.

Exercise box 6.7 Estimating the amount of benefits

Estimated contribution rate = total cost of the unemployment insurance benefits ÷ insured population ÷ average monthly salary

If average monthly salary ≈ average insured monthly salary

Referring back to the earlier example of Coresia, the cost of implementing an unemployment protection scenario was estimated at COD686 million.

Under the assumption that the national average monthly wage also applies on an average to unemployment insured employees, the contribution rate can be calculated as follows:

$$\text{Cost of unemployment insurance benefits per head} = \frac{\text{COD686 million}}{14\,533 \text{ unemployment insured (in thousands)}}$$

The cost of unemployment insurance benefits per head would have been COD47, or 0.47 per cent of the average monthly salary (COD10,043 in 2012).

A reasonable contribution rate could be 0.5 per cent, shared between workers and employers, in the case of Coresia.

Further reading

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MODULE 7:

Operating an unemployment protection scheme

How to establish procedures for the effective implementation of an unemployment protection scheme

Objectives of the module

- Develop an understanding of the critical factors and potential obstacles in the progress of an implementation plan for an unemployment protection scheme.
- Propose effective tools to allow management and staff to carry out their duties within the unemployment benefits (contributory and non-contributory) delivery system, including a formalized manual of procedures.
- Offer an effective training plan for managers (management strategies) and staff (formalized training on the procedures and processes, computer system training and soft skills).
- Suggest workable coordination and collaboration mechanisms among involved agencies.
- Develop a communication strategy for internal staff, employers, beneficiaries and the public.

Estimated duration of the module: 3 hours

Content

Session M7.1 (2 hours): Establishing an effective implementation plan and communication strategy

M7.1.a Practice session: Preparing the implementation plan

M7.1.b Practice session: Planning a communication and education strategy

Session M7.2 (1 hour): Developing a manual of procedures and training staff and managers

M7.2.a Discussion: Developing a manual of procedures for operation of the unemployment protection scheme

M7.2.b Practice session: Training techniques available for management and staff

Checklist of questions that are answered through the module

- ✓ How can we be assured that the implementation of an income-support programme will be successful?
- ✓ What are the critical factors that determine the success or failure of implementation?
- ✓ What is the most effective way of dealing with communication issues with external and internal groups?

- ✓ What are the experiences of other countries that recently implemented a new unemployment insurance scheme or social assistance programme?
- ✓ Why is it important to develop an effective manual of procedures?
- ✓ Who should be trained and what training methods should be used?
- ✓ Why is it important to have a formalized process linking the national office with local offices that process claims for benefits?
- ✓ What is the most effective way to inform the minister and senior management on the progress of the implementation of a new income-support programme?
- ✓ What types of training can be utilized in training staff and management on the new income-support programme?
- ✓ What are the risks of critical activities involved in the implementation of an income-support programme?

Training methods: Group discussions on the development of manual procedures and training methods, simulated situation exercises for the fictitious Coresia and the development of timelines for the designing, building and implementing of an unemployment insurance scheme and a non-contributory income-support programme.

Material to be distributed to participants (attached to the module): Cards identifying various activities needed to design, build and implement a new unemployment insurance scheme or a non-contributory income insurance programme (see Handouts 7-1 and 7-2).

Physical media required: Writing paper and pens, chart paper, coloured cards, coloured pens, board to pin up chart papers, white board, markers, laptops, LCD projector, sound system, two flip charts joined together with a timeline from date of acceptance of new plan to actual date of implementation and a printer that can copy handout to flip chart size.

Challenges: When implementing a new unemployment insurance or non-contributory unemployment protection scheme, support staff require appropriate tools to perform their duties in the processing of claims or applications for benefits. These tools need to be ready at the time of implementation. Sufficient time should be allocated to ensure that the manual of procedures and training package are available at the time of implementation.

Also important is the identification of the risks of negative consequences caused by some parameters of the new scheme and what mitigation efforts could be taken to address the risks and ensure effective implementation.

Links between the national office and the processing local offices are crucial to ensure consistent implementation throughout the country. The many complexities in the design and development of a new scheme require close collaboration with stakeholders, private sector representatives and system managers. Strong electronic links will be required between the department responsible for implementing the new scheme and the various stakeholders handling the administration of the delivery system. The importance of an effective IT system cannot be overemphasized to streamline operational service delivery and provide efficient client-oriented services.

Each implementation office should have a specialist who can manage the duties of a trainer and monitor who can provide guidance and advice on unemployment protection policies and procedures for obtaining benefits.

The training of staff on a multitude of duties will be a challenge. These duties include case-management, job and training counselling, registration of employers and collection of contributions, processing claims and managing application processes. Computer skills are necessary to perform the duties, and staff will require strong soft skills in conducting interviews with employers and unemployed persons.

Session M7.1: Establishing an effective implementation plan and communication strategy

M7.1.a Practice session: Preparing an implementation plan

Content

This practice session provides the participants and policy-makers with an overview of the various activities that need to be carried out during the design and pre-implementation periods to ensure successful implementation of the scheme.

The prime objective of an implementation plan is to assist an implementation coordinator in:

- keeping the implementation plan on time so that the unemployment insurance scheme or non-contributory support programme is successfully launched;
- identifying any bottlenecks or issues that need to be addressed during the course of the implementation phase;
- identifying resources (human, IT and financial) that are required for the implementation of the scheme or programme;
- identifying critical tasks and dates for the implementation to be successful; and
- keeping senior management informed on the development of the new scheme or programme.

An implementation plan includes three main components:

- a timeline listing, in chronological order, the tasks in the design and implementation of a new unemployment insurance scheme or a non-contributory unemployment protection scheme;
- identification of success or enabling factors; and
- identification of challenges, obstacles and risks for the effective implementation of the new programme or scheme, together with a mitigation plan.

Paramount to the implementation of the different activities is the establishment of a national working group consisting of ministries, departments, agencies, other linking stakeholders, IT systems and communication experts.

Tip box 7.1

Establishing a national implementation working group

A national working group, in charge of implementing the new unemployment insurance or non-contributory support scheme is essential as an initial step once the government has formalized the decision to proceed with the establishment of such a scheme.

The national working group would start by first agreeing on an implementation plan for the launch of the new scheme.

The mandate of the national working group would be:

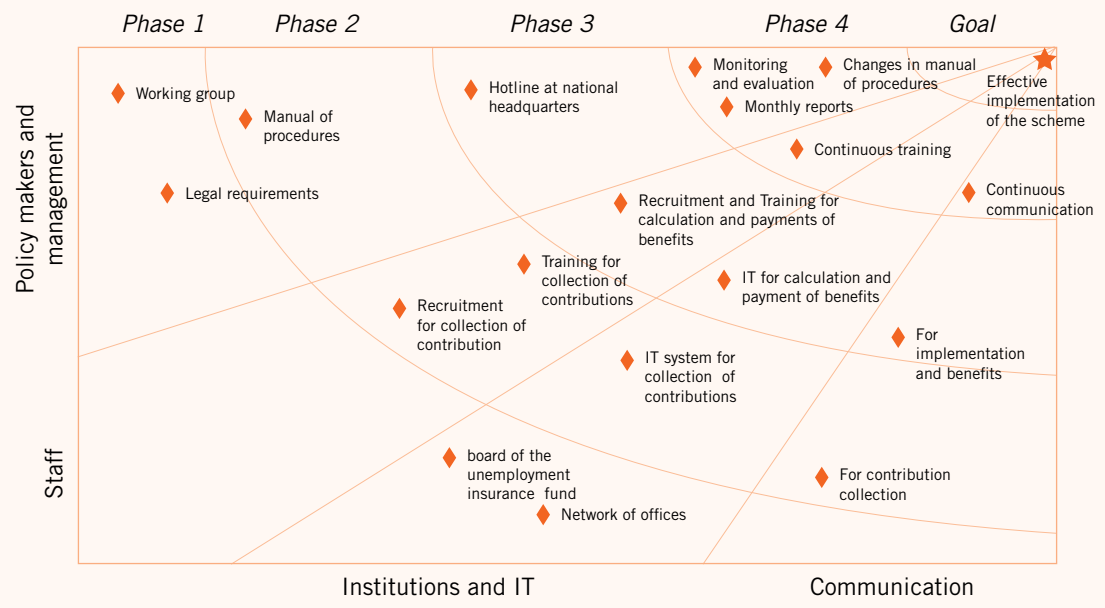
- assume management of the implementation plan and take responsibility for all decision-making processes during the implementation;
- report to senior management through status updates on the progress of the implementation plan; identify issues that could negatively impact the implementation plan and provide corrective action;
- agree on a time frame to successfully implement the new scheme;
- identify any major risks and develop a risk-mitigation document in anticipation of any negative impacts; and
- identify, install and coordinate the work of sub-working groups responsible for different aspects, such as legal, IT systems, human resources, supplies, training and communication issues.

Once the sub-working groups have been established, they can work in parallel time frames. For example, the sub-working group for a new IT system, for office space and supplies and for human resources can be established early in the design stage and continue to work through the pre-implementation period until all tasks are successfully completed.

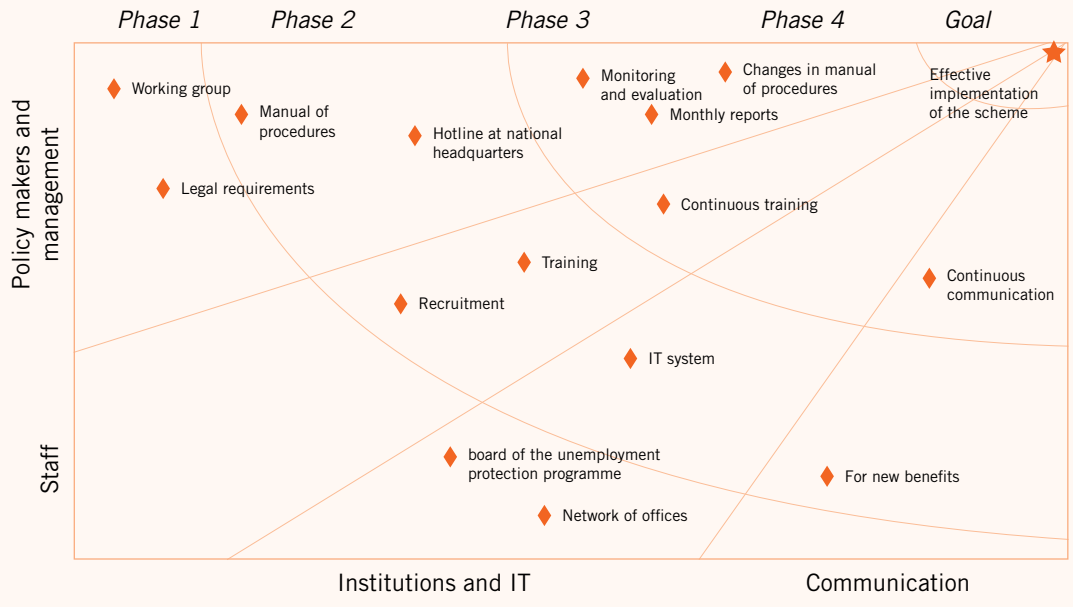
Areas of work to be listed in an implementation plan:

1. changes to manual of procedures;
2. human resources;
3. network of offices;
4. IT systems;
5. monitoring programme;
6. legal requirements;
7. hotline at national headquarters for the implementation period;
8. establishing the board of the fund;
9. training;
10. establishing implementation working group;
11. manual of procedures;
12. conducting evaluation study;
13. communication; and
14. monthly reports.

Tip box 7.2 Implementation plan of an unemployment insurance scheme



Tip box 7.3 Implementation plan of a non-contributory scheme



Exercise



Participants break into their respective case study groups to develop an implementation plan for an unemployment protection scheme.

The exercise involves the identification of important activities and the timeline for each activity. Activities are scrambled on a flip chart, and each group is responsible for determining the main activities in chronological order as well as the amount of time needed (approximate start and end date) for the realization of each activity.

Groups 1 and 2 are assigned an exercise involving the mandatory unemployment insurance scheme, while groups 3, 4 and 5 are assigned an exercise involving a non-contributory income-support programme.

The groups record their answers on a flip chart or an electronic format.

Groups are given 75 minutes to complete the template on Handout 7-1 on generic content and the timetable for implementation of a new unemployment protection scheme or Handout 7.2 on generic content and timetable for implementation of a non-contributory income-support programme. This is a generic template, so a great deal of latitude is given to the participants in determining the timing of the activities because many factors affect an actual schedule. Participants should also explain the primary function of each activity.

If time permits, groups can also develop an internal and external communication and education strategy, starting with identification of the different target groups for internal and external communication and the main messages to be delivered.

M7.1.b: Practice session: Planning a communication and education strategy

Content

One of the most important elements for the success of a new unemployment protection scheme is an internal and external communication strategy. Communication is an ongoing issue that needs to be constantly reinforced before, during and after the implementation period.

The implementation plan must cover internal and external communication and education strategies. Target groups for internal communication include managers, staff and implementing agencies that need to be kept informed of the implementation's status and the impact of implementation. Target groups of external communication cover employers, workers, insured persons, beneficiaries and the general public, which should be properly informed of the new provisions and procedures of the unemployment protection scheme, especially conditions and procedures to apply for benefits and the collection of contributions in the case of an unemployment insurance scheme.

The communication strategy should be developed for the pre-implementation and implementation periods, with the following in mind:

- The strategy should carefully consider resources and communication modes available at the local level, especially in rural areas; it is recommended to develop a communication plan that addresses distinctly urban and rural populations.
- The communication department or sub-working group should be involved, beginning with the establishment of an implementation team; there also should be a sub-working group for communication issues.
- There should be a dashboard instrument (to make progress update reports) issued bi-weekly by the internal communication team to keep the minister and senior management fully informed of developments (it could be issued monthly in the initial stages).
- There should be general progress update reports every month to keep interested departments, staff and stakeholders fully informed of developments.

- The implementation working group should be kept fully apprised of any communication strategy for establishing the unemployment protection scheme.

There are many ways of approaching the development of an effective communication strategy. But a few basic things should be kept in mind no matter the approach: objectives, audiences, messages, tools, activities, resources, time factors and evaluation techniques.

The objectives of the strategy are key to successful communication, and they should be aligned to the organizational objectives. The communication strategy should be developed with different messages for different target audiences, including youth and illiterate persons.

The communication and education strategy for a new unemployment insurance scheme should take into consideration two main implementation dates: (i) the date employers are required to pay contributions (for workers and employers) and (ii) the date when applications for unemployment benefits can be officially submitted for consideration. The communication strategy should focus on the registration of employers and the collection of contributions for the first implementation date. The strategy for the second implementation should focus on workers and the details of the unemployment insurance scheme (how to apply and the amount and duration of benefits) as well as requirements from employers concerning termination of employment and reason for separation and continued education on contribution collection.

In the case of tax-funded unemployment protection schemes and active labour market programmes, the government would need to invest in an information campaign for potential beneficiaries. The message would need to be adapted and accessible to vulnerable groups as well, including people living in remote areas.

Communication experts from the departments responsible for the unemployment protection scheme (could be many departments) must be part of the design and implementation team assembled at the time the decision is made to proceed with the new scheme. A full communication strategy must be in place in the pre-implementation, implementation and post-implementation periods. In the 18-month evaluation of the Viet Nam unemployment insurance programme (country box 7.1), better communication efforts were identified as crucial for the unremitting dissemination of information on a continuous basis to ensure that employers and workers understand the unemployment insurance scheme and the rights of workers to collect unemployment benefits.

Country box 7.1

The crucial importance of the communication strategy in the success of the unemployment insurance scheme in Viet Nam

After an 18-month evaluation of the Viet Nam unemployment insurance implementation in 2011, the following observations and recommendations were made:

“Concerning the communications strategy, while a great deal of information was initially disseminated at the time of implementation, most stakeholders agree that there needs to be an ongoing and sustained effort to improve the level of knowledge that employers and workers have about the unemployment insurance scheme. Also, there is a need for a specialist at each office, some type of public liaison officer who would promote the understanding of the unemployment insurance programme full time prior to and during the implementation of unemployment insurance. The officer could visit large employer premises to disseminate the unemployment insurance information along with a representative from [Vietnam Social Security] (relating to collection of premiums and payment of unemployment insurance benefits). On a national basis, the officer could attend workshops and employer and worker meetings. The public liaison officer could also assume responsibility for training staff.”

“Feedback from the worker survey indicates that the majority of workers receive their information on unemployment insurance from their employer. Therefore, it is imperative to ensure the employer group are well versed on the unemployment insurance programme. The Bureau of Employment (department responsible for unemployment insurance) could provide workshops to major employers as well as a presentation package for the public liaison officer to utilize during the sessions (would include handouts and brochures for staff). A review of mass media messages and strategy should be undertaken to see if there could be any improvements in this area. We also see the need for the development of a best practices list of activities from those employers who are performing an exemplary job of disseminating information to their workers.”

Source: J. Carter: Eighteen-month review of the unemployment insurance scheme in Viet Nam (Hanoi, ILO, 2011).

Previous studies have stressed the importance of ensuring that employers are fully aware of the unemployment insurance scheme because most workers receive information on labour-related matters and services mainly from their employer. Employers' groups and representatives should have a major role in the development of implementation strategies and collaborate with government departments in establishing workshops, handouts, brochures, videos and other important tools to assist in educating workers about their unemployment benefits.

Just prior to the scheme's launch, there should be extensive media coverage of government announcements, television discussions and newspaper, radio and television advertisements. The media coverage should continue into the first month of implementation with the establishment of a call centre hotline for employers and workers alike.

Country box 7.2

Different approaches to the communication strategy in Viet Nam

Viet Nam emphasized the importance of communication for the success of its unemployment insurance scheme once it was launched. During the first year of collecting contributions, the Bureau of Employment (BOE) produced leaflets that were widely distributed among all employers. The BOE also organized large events for disseminating information among employers and workers.

In 2013, the BOE revisited the unemployment insurance scheme's communication strategy prior to introducing important amendments in the procedures. The BOE sought the guidance and services of an external consultant on communication who helped fix appropriate communication messages and means by simulating role plays among the unemployment insurance staff, managers and front-desk staff. The unemployment insurance staff were led to determine the most effective communication strategy addressing the needs of employers and workers.

As a result of the simulation exercise, Viet Nam emphasized three important points concerning the communication strategy:

1. The imperative of identifying target groups.
2. The message – what is delivered, including information about unemployment insurance policies and procedures and government intentions for unemployment insurance.
3. The method of delivery matters.

Viet Nam used the mass media and a variety of other methods:

- mobile teams;
- job fairs;
- publications;
- exchange meetings with tripartite representatives in Viet Nam industrial zones, which were very helpful; and
- availability of a call centre to assist in providing knowledge of unemployment insurance and application procedures.

Discussion with participants



Ask participants, when developing an internal and external communication plan for an unemployment insurance scheme, who should be included and what communication methods could be adopted?

Note the responses from participants on the flip chart.

Possible answers are provided in Handout 7-3.

Session M7.2: Developing a manual of procedures and training staff and managers

M7.2.a Discussion: Developing a manual of procedures for operation of the unemployment protection scheme

The importance of a procedures manual

Yesterday, a manual of procedures might have been regarded, at best, as a dust collector that was referenced as last resort. Today, a manual of procedures may be regarded as a living document that forms the foundation of any service-delivery programme.

A manual of procedures is a sequence of steps for completing a given activity. A procedure may outline the manner in which a particular policy is to be implemented, but it cannot take the place of that policy. Some agencies combine policies and procedures into one manual, while others create two separate manuals.

A manual of procedures outlining specific instructions on workflow actions is an effective tool to assist front-end staff in managing the functions of the delivery system. The manual assists in maintaining a consistent approach to processing claims throughout the country. Having clear procedures that are followed enables claims or applications to be processed in an orderly fashion and targets for speed of service and quality of work to be maintained. Interactions between the ministry responsible for the unemployment protection scheme and the various stakeholders must be defined within the procedures to avoid any misunderstanding of roles and responsibilities associated with the cash benefits and employment measures to assist workers.

Module 7 includes a number of flow charts to help illustrate the different processes within the unemployment insurance service delivery:

- Appendix A: Graph of the generic registration of employers for the collection of unemployment insurance contributions.
- Appendix B: Graph of generic filing of an initial unemployment insurance application for benefits.

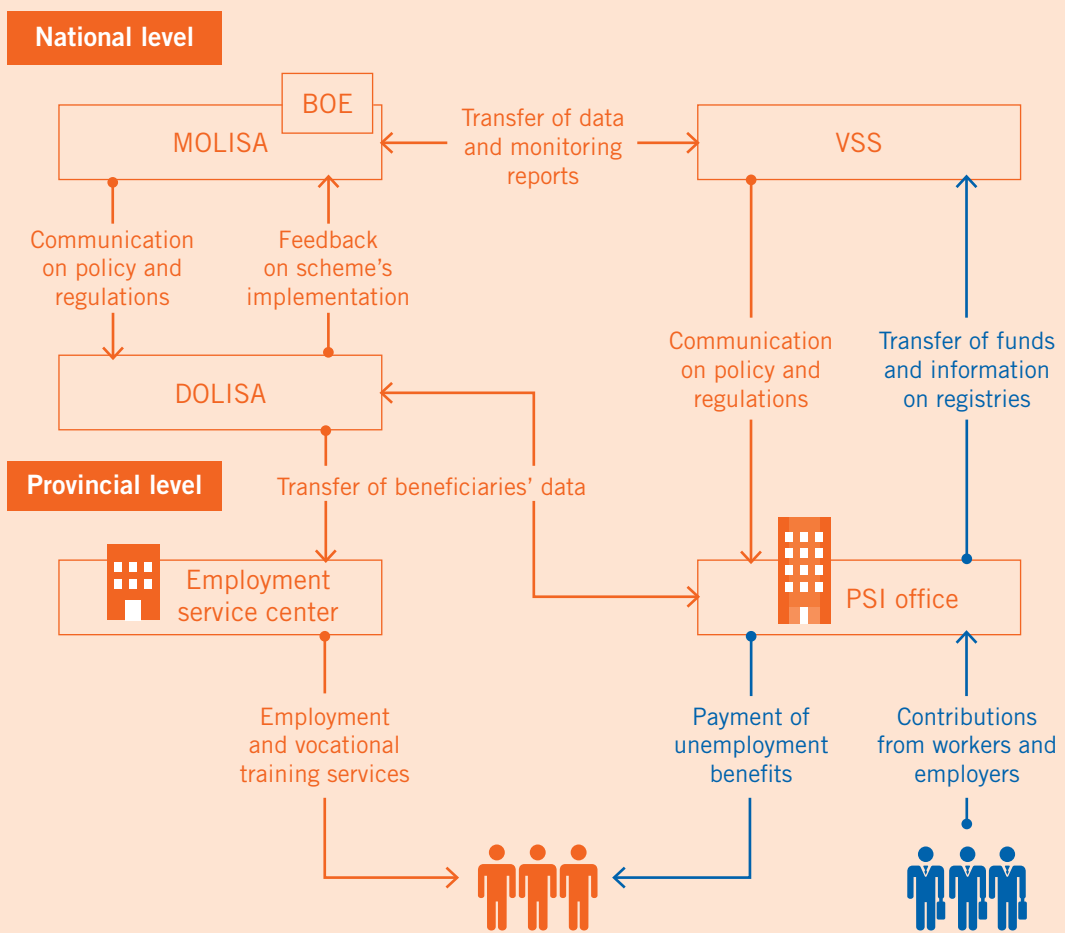
It is important that an adequate amount of time is allowed to complete a manual of procedures prior to the implementation of the unemployment protection scheme. The manual should be based on the associated legislation and collaboration of various stakeholders. The manual should be ready in time to develop training packages and also before conducting formalized training of managers and staff prior to implementation. The initial pre-implementation training will also validate the procedures or highlight issues that need to be further discussed or amended before the training of staff begins.

Country box 7.3 The manual of procedures to help clarify the functions and responsibilities of each institution in Viet Nam

The Bureau of Employment (BOE), a department of the Ministry of Labour, Invalids and Social Services (MOLISA) and that is responsible for unemployment insurance in Viet Nam, requested the assistance of the ILO to develop its manual of procedures and formalized training. The manual covers all processes and procedures in the unemployment insurance service delivery, including registration of employers and the collection of contributions (responsibility of Viet Nam Social Security). Close monitoring of unemployment insurance staff was conducted after the formalized training and during the implementation. If the monitoring identified shortfalls in the initial training, refresher training was provided in those areas requiring additional assistance.

The Viet Nam staff indicated that implementation and communication issues were tough to address. An important consideration when developing the manual of procedures is the collaboration between all parties involved in the implementation of the scheme. In Viet Nam, the implementation engaged the responsibilities of employers and workers and many government agencies: BOE, employment service centres, the Provincial Departments of Labour, Invalids and Social Affairs (DOLISA), the Vietnam Social Security (VSS) and Provincial Social Insurance Offices (PSI).

Institutional set-up of the unemployment insurance scheme of Viet Nam



What is required for successful implementation?

A manual of procedures is required for the effective implementation of the unemployment protection scheme. A hotline to national headquarters should be available for local office staff to clarify or highlight problems once unemployed workers start applying for their benefits (usually a designated staff member from each office will liaise with the national office). It will be necessary to issue immediate clarifications and new information to all local offices on a timely basis by national staff responsible for the manual. After one month, all changes should be incorporated into the amended manual and distributed to local offices and other stakeholders. Many countries use electronic manuals for their staff as reference material (on the intranet), which is quite efficient in maintaining up-to-date real-time amendments.

To assist staff at the launch of the scheme, checklists for the front-end staff should be developed to ensure that all correct information is obtained to avoid delays in the payment of benefits to entitled unemployed workers. The manual should also contain workflow charts to help clarify activities in the unemployment insurance delivery system. The Viet Nam staff found the checklist to be very useful for the first three months of implementation. It can be phased out once staff members are fully familiar with the procedures for accepting and processing applications for benefits.

Updating the manual of procedures

Can a formalized manual of procedures provide sufficient support to assist staff in performing their job duties in the service delivery scheme? Yes, but it depends on the effectiveness of the national team to keep the procedures up to date and relevant. As mentioned, many issues initially will be raised by staff that need to be addressed immediately. Changes to procedures then need to be sent via emergency releases. After a few months of implementation, regular updates can be sent to staff on a monthly basis (unless an important issue is highlighted that needs to be released to the field staff as quickly as possible). It is recommended that “manual circulars” be issued once monthly to list any new changes. At year’s end, these circulars can be incorporated into the manual.

A formalized structure for staff to request clarification or question the procedures should be available. It is recommended that one person be selected to represent the local processing office. This person would logically be the trainer or a senior decision-maker who would formally contact the national office for guidance on issues of procedure or policy. Usually, it would be sent via a formal request template, unless it was an emergency and then it would be handled via a hotline telephone number. The managers should not be involved in this time-consuming process – they need to focus on managing and on such issues as human resources and the delivery system.

If the manual of procedures is electronic, national staff responsible for it could make changes on a daily basis and highlight ongoing changes on a “what’s new” page. The changes could be sent manually to stakeholders interested in the procedures.

The updates should be numbered in chronological order and by year; for example, “Manual circular 2014-1” and then the title of the main change.

It is recommended to keep the manual of procedures separate from the unemployment protection policies because the latter are typically used by decision-makers while manual procedures are useful for all staff. Policies could include clarification on specific unemployment insurance issues, such as “just cause for leaving employment”, which requires “judgement” on behalf of a decision-maker. It also could include recent decisions by “appeal boards”, which provide jurisprudence by decision-makers. These decisions could be included in the policies section to ensure that decisions on unemployment insurance claims for benefits or applications for participation to support programmes are consistently administered by staff throughout the country, thereby improving the quality of decisions.

Exercise: What constitutes a manual of procedures?



In an open discussion, the participants should reflect on what constitutes a manual of procedures and what order of activities is recommended for the manual. Write the responses on a flip chart.

Solutions presented in Handout 7-5 can be distributed prior to the discussion.

M7.2.b Practice session: Training techniques available for management and staff

Various training techniques used in successful implementations

Virtually all countries with an unemployment insurance scheme or non-contributory support programme have a designated training unit to provide new and ongoing training to staff and management. The training units utilize various methods of training, depending on the audience and the complexity of the knowledge, such as:

- Pre-reading information: Can be useful to provide background information to participants prior to the formalized training or can be used for review for existing staff, who may have been already trained.
- Computer-based training modules: Excellent tool for individual study of new policies or legislation or review by existing staff.
- One-on-one training: Training is tailored to the needs of the individuals and can be used to assist staff with lack of knowledge on a particular issue or need determined through monitoring activities.
- Computer training on the unemployment insurance IT system for staff: Requirement for a computer training room with sufficient computers and links to the intranet and internet.
- Formalized classroom training: Full training covering unemployment insurance processes, policies and procedures for larger groups.
- General overview sessions: Partial training providing general outlines of policies and procedures for interested stakeholders.
- Enhanced overview sessions: Partial training providing general outlines of policies and procedures along with specialized elements (those dealing with vocational training).

In any event, to ensure clarity of training points, case studies and examples should be used extensively. They also can be used to review and reinforce training points. Any confusion on training points can be readily and immediately identified for additional corrective action.

Tip box 7.4

Preparing training packages and when to conduct training

Once the legal provisions have been established and finalized, work can commence on the manual of procedures. However, this work will be ongoing because the IT system will also need to be developed and incorporated into the manual of procedures. The sub-working groups for the manual and IT system will work closely to ensure consistency in the development of the manual.

Once the IT system has been successfully tested and the manual of procedures has been established, the implementation team needs to consider the development of training packages. The training packages would be more effective if presented electronically in a training centre environment. Some countries use the manual of procedures as a training package, which is one option to consider. But training packages are preferable because they provide much more training information, including time factors, handouts, training strategies and evaluation questions and feedback.

When it comes time to provide the training, a group of master trainers should be initially trained for a period of up to one week. These master trainers could be experienced trainers or monitors from the new department or from an existing department. In Viet Nam, they trained the managers as master trainers, which was successful. However, it is necessary to consider the workload of managers, and it might be more effective to identify a person with training or monitoring capabilities and allow the manager to deal with the numerous management issues that arise with unemployment insurance implementation. Each local office should have a master trainer (unless dealing with small local offices that could share a master trainer).

A core group of staff (to accept applications and process claims) will be required to be fully trained before the start date of implementation. A second group of staff could be trained immediately after implementation, as the claim load rises once insured persons become aware of the new scheme. Managers will need to be trained prior to the implementation to deal with management issues as well as an overview of the scheme.

A training needs assessment includes understanding the gaps and needs, identifying the existing strengths and weaknesses of training providers and building a training plan for the short, medium and long terms. Preparing such an assessment involves reaching agreement on the types of training methods that should be considered for various participants, such as overview knowledge of unemployment insurance procedures, specialized training (for specific procedures and the IT system) and soft skills training. Using a formal training centre for unemployment insurance staff and managers is recommended. Thailand implemented its scheme step by step, and thus it was easier to train staff. The Thai Department of Employment established close links with the unemployment insurance administration and provided assistance with the training.

In Mongolia, funds are set aside for the formalized training of staff, and the Social Insurance Offices conduct ongoing short-term training. Trade unions also assist with the training and, in some cases, universities and colleges prepare specialists with bachelor's degrees. In Cambodia, the training of future staff on the single-window service was supported by an international expert with experience in setting up employment centres. The technical training sessions were organized according to the processes of the mechanism. In addition, the training session opened with a one-day communication workshop attended by the main stakeholders: representatives of the local administration, representatives of social protection and employment services, and workers' and employers' representatives to raise awareness on the mechanism and provide basic information on its implementation.

Ongoing training sessions

Training is an ongoing issue within any organization. The training packages require ongoing updates, based on new or revised procedures and policies as well as new training activities.

Each office should have a designated expert person to deal with the ongoing training and procedure updates. This “resource adviser” would be exempt from performing the normal duties of the assessors, calculators and decision-makers but would be available to staff to provide training and answer questions on processing claims. The resource adviser could also be responsible for monitoring the work on those who are newly trained during the post-implementation period. This will ensure consistency in decision-making and alert the management to any major issues involving the training of staff or amending policies and procedures. The resource adviser would be a critical link between management and staff. The resource adviser would report to management on trends in productivity and quality standards for the local offices. The resource adviser would be involved in the determination of quality of work as well as what corrective measures are necessary to improve the quality of claims processing.

The resource adviser could provide training to staff on a group basis or one on one, depending on the needs of the local office. In some cases, the training for a group of offices could be initiated and offered in a centralized location. If this is the case, it will be necessary to have a centralized training centre complete with computers, printers and a hook up to the intranet or internet and other training materials and aids.

Discussion: Who is to be trained?



Discuss with participants who should be trained and what method of training to use with all stakeholders. Note responses on the flip chart.

Distribute and discuss Handout 7-5 relating to training requirements for a new unemployment protection scheme.

Handout 7-1: Generic content and timetable for implementation of a new unemployment insurance scheme

This is a group exercise using the fictitious Coresia details to plan the various activities to build and implement a new unemployment insurance scheme that is conditional to active search for work, employment support programmes and skills training.

For the groups working on a contributory unemployment insurance scheme, the important dates provided cover when the decision was made by the Government of Coresia to proceed with the unemployment insurance scheme and: (i) the start date of collection of contributions and (ii) the start date for unemployed workers to begin applying for unemployment insurance benefits, after meeting the qualifying conditions. Your duty is to determine under which stage (design, build, pre-implementation, implementation and post-implementation) the various activities will occur, along with the expected start and end dates for each activity and to list all details of the activity. The design and build stages are not recognized as part of the implementation period, but they provide a better overview of the importance of a well-developed plan.

Refer to the simulated situation exercises for Coresia for further details.

Also, please provide a communication plan to address the internal and external stakeholders and the public, employers and workers during the pre-implementation and implementation periods.

The activities to be listed along with expected start and end dates are as follows:

1. changes to manual of procedures;
2. human resources (for unemployment insurance implementation);
3. network of offices;
4. communication (for contribution collection);
5. IT systems (for unemployment insurance implementation);
6. human resources (for contribution collection);
7. a monitoring programme;
8. legal requirements;
9. training (for contribution collection);
10. hotline at national headquarters for the implementation period;
11. establishment of the board of an unemployment benefits fund;
12. training (for unemployment insurance implementation);
13. establishment of an implementation working group;
14. manual of procedures (for unemployment insurance implementation);
15. an evaluation study;
16. IT system (for contribution collection);
17. communication (for unemployment insurance implementation);
18. manual of procedures (for contribution collection); and
19. monthly report.

Generic timetable for implementation of a new unemployment insurance scheme		
Stage	Activities and details	Effective start and end dates for activities
Decision stage	<ul style="list-style-type: none"> Conduct a feasibility study (actuarial, legal and institutional) completed and endorsed by the government (ministry of labour, ministry of finance, ministry of planning, social security office among others), representatives of beneficiaries and employers' representatives in the case of a contributory scheme. 	June 2013
	<ul style="list-style-type: none"> Reach a consensus on elements of the unemployment insurance scheme. 	September 2013
	<ul style="list-style-type: none"> Obtain the government's decision to proceed with the new programme. 	September 2013
Implementation date for phase I	Registration of employers and employees and collection of contributions begins.	Effective January 2017
Implementation date for phase II	Unemployed workers can file application for unemployment insurance benefits from this date.	Effective January 2018
Post-implementation period		

Solutions

Generic timetable for implementation of a new unemployment insurance scheme		
Stage	Activities and details	Effective start and end dates for activities
Decision stage	<ul style="list-style-type: none"> Conduct a feasibility study (actuarial, legal and institutional) completed and endorsed by the government (ministry of labour, ministry of finance, ministry of planning, social security office among others), representatives of beneficiaries and employers' representatives in the case of a contributory scheme. 	Month 1
	<ul style="list-style-type: none"> Reach consensus on elements of the unemployment insurance system. 	Month 4
	<ul style="list-style-type: none"> Obtain the government's decision to proceed with the new scheme. 	Month 4

Generic timetable for implementation of a new unemployment insurance scheme

Stage	Activities and details	Effective start and end dates for activities
Design and build	<p>Establishment of an implementation working group:</p> <ul style="list-style-type: none"> Consisting of departments responsible for contribution collection, processing unemployment insurance applications for benefit, payment of unemployment insurance benefits, registration for employment (worker), conducting monthly job-seeking interviews, other active employment measures, including job matching, mobility assistance, resume writing workshops, vocational training and training providers and communication experts. 	Month 4
	<p>Establishment of the board of the unemployment insurance fund (contributory or tax-funded):</p> <ul style="list-style-type: none"> Elect the board members, define the board's terms of reference and establish the unemployment insurance fund. 	Month 5
	<p>Legal requirements:</p> <ul style="list-style-type: none"> Develop and adopt laws, decrees and circulars. 	Months 5–7
	<p>IT system:</p> <ul style="list-style-type: none"> Design and build computer system in phase I (collection of contributions). Test phase I (collection of contributions). Ready for implementation. 	Months 4–12
	<p>Network of offices:</p> <ul style="list-style-type: none"> Determine location of processing offices (also satellite, mobile, telephone centre) for: (i) registration of employers and contribution collection; (ii) applying for unemployment insurance benefits and processing unemployment insurance claims for benefit (if different departments for phased I and II). This includes purchasing equipment and furniture (such as computers, chairs, tables). 	Months 4–12

Generic timetable for implementation of a new unemployment insurance scheme

Stage	Activities and details	Effective start and end dates for activities
Pre-implementation	Human resources: <ul style="list-style-type: none"> ■ Identify staff requirements for registration and collection of contributions. ■ Job descriptions; ■ competitions for existing staff. ■ Hire new staff for vacancies and identify expert trainers. 	Months 6–10
	Manual of procedures <ul style="list-style-type: none"> ■ Develop procedures, policies and checklists to assist staff in workflows. 	Months 6–11
	Training: <ul style="list-style-type: none"> ■ Identify training needs and prepare training for trainers of front-desk staff and management staff. ■ Provide training for trainers and for managers. ■ Provide formalized training for selected staff (only a certain percentage of staff required at commencement of contribution collection). 	Month 12
	Communication: <ul style="list-style-type: none"> ■ Internal <ul style="list-style-type: none"> ■ Keep senior management informed of progress of developing unemployment insurance system. ■ Report to government ministry responsible for unemployment insurance at least bi-weekly. ■ Keep all staff informed of development of unemployment insurance system. ■ External <ul style="list-style-type: none"> ■ Organize workshops with employer and worker representatives to inform of new unemployment insurance especially registration and contribution collection. ■ Conduct information campaign (brochures, TV, radio) to inform the target population on the new programme. ■ Set up call centre to advise employers, workers and the target population of new unemployment protection scheme. 	Month 12 and ongoing

Generic timetable for implementation of a new unemployment insurance scheme

Stage	Activities and details	Effective start and end dates for activities
Implementation date: phase I	Commence with registration of employers and collection of contributions (if 12 months of insured employment required):	Effective January 1, 2015
	<ul style="list-style-type: none"> Establish hotline for employers to ask questions on registration of employers and contribution collection. 	
	IT system:	Months 13–24
	<ul style="list-style-type: none"> Continue with the design and building of the computer system into phase II, on applying for unemployment insurance benefits and link with stakeholders. Ensure that the computer system is ready (phase II) for data input, assessing and calculating of unemployment insurance payment, decision-making and automatic payment or non-payment decision. 	
	Human resources:	Months 18–22
	<ul style="list-style-type: none"> Identify staff requirements for registration and collection of contributions. Write job descriptions. Create competitions for existing staff. Hire new staff for vacancies. 	
	Manual of procedures	Months 18–23
<ul style="list-style-type: none"> Develop procedures, policies and checklists to assist staff in workflows. 		
Training:	Month 24	
<ul style="list-style-type: none"> Prepare expert trainers to work on training packages and packages for providing unemployment insurance information for employer and worker workshops. Provide training for trainers. Provide training for managers. Provide formalized training for selected staff (only percentage of staff required at commencement of contribution collection). 		
Communication:	Month 24 and ongoing	
<ul style="list-style-type: none"> Internal <ul style="list-style-type: none"> Keep senior management informed of the progress of developing unemployment insurance scheme. Report to government ministry responsible for unemployment insurance at least bi-weekly. Keep all staff informed on the development of unemployment insurance scheme. External <ul style="list-style-type: none"> Create newspaper, television and radio advertisements on the new unemployment insurance scheme, with applications starting 1 Jan. 2016. Conduct workshops with employers and workers. Call centre <ul style="list-style-type: none"> Establish separate hotline for employers and workers with questions. Make government announcements. 		

Generic timetable for implementation of a new unemployment insurance scheme

Stage	Activities and details	Effective start and end dates for activities
Implementation date: phase II	Unemployed workers can file for unemployment insurance benefits and request employment assistance	Effective 1 Jan. 2016
Post-implementation	<ul style="list-style-type: none"> ■ Establish a hotline at national headquarters to assist local staff in processing claims for benefit. ■ Send important updates to all offices on a daily and weekly basis. ■ Make monthly reports on unemployment insurance claims processing, claims allowed or denied (and reasons for non-entitlement) as well as clients requesting employment assistance (job matching, mobility assistance, etc.). ■ Send notice of changes to manual procedures bi-weekly or monthly. ■ Develop and establish a formal monitoring programme to ensure quality of work reflects high standards. ■ Conduct an evaluation study within three to six months of implementation. 	<p>Month 25</p> <p>Month 25 and ongoing</p> <p>Month 25 and ongoing</p> <p>Month 25 and ongoing</p> <p>Month 30</p>

Handout 7-2: Generic content timetable for implementing a non-contributory income-support programme or active labour market programme

This is a group exercise to plan the various activities to build and implement a new non-contributory income-support programme conditioned to active search for work, employment support programmes and skills training in Coresia or those working on a non-contributory unemployment protection scheme: The two important dates provided to you are the date the decision was made by the Government of Coresia to proceed with the non-contributory income-support programme and the implementation date of the new programme affecting the majority of the working poor who don't have capacity to contribute.

Your duty is to determine under which stage (design and build, pre-implementation, implementation and post-implementation) the various activities will occur along with the expected start and end dates for each activity and a listing of the key detail of the activity. The design and build stage is not part of the implementation period, but it provides us with a better overview of the importance of a well-developed plan commencing with the decision to proceed with an unemployment insurance scheme.

Refer to the case study on Coresia for further details.

Also, please provide a communication plan to address the internal and external stakeholders and the public, employers and workers during the pre-implementation and implementation periods.

The activities to be listed along with expected start and end dates are as follows:

1. changes to manual procedures;
2. human resources;
3. network of offices;
4. IT systems;
5. monitoring programme;
6. legal requirements;
7. hotline at national headquarters for the implementation period;
8. establishing the board of the programme fund;
9. training;
10. establishing implementation working group;
11. manual of procedures;
12. conducting evaluation study;
13. communication; and
14. monthly reports.

Generic timetable for implementation of a new non-contributory income-support programme and active labour market programme

Stage	Activities and details	Effective start and end dates for activities
Decision stage	Study completed.	June 2015
	Consensus achieved on elements of a non-contributory income support-programme.	Sep. 2015
	Decision to proceed with new programme.	Oct. 2015
Pre-implementation period		
Implementation date	Working poor with non-contributory capacity can file for income support.	Effective July 2016
Post-implementation period		

Solutions

Generic timetable for implementation of a new non-contributory income-support programme or active labour market programme

Stage	Activities and details	Effective start and end dates for activities
Decision stage	Study completed.	Month 1
	Consensus achieved on elements of a non-contributory income support-programme.	Month 3
	Decision to proceed with new programme.	Month 4
	Establish implementation working group:	Immediate
	<ul style="list-style-type: none"> Comprised of departments responsible for the income-support programme, including representatives from finance, operations, human resources, training, communication experts, IT systems, income-support groups, academia and other government departments. 	
	Legal requirements	Months 5–11
	<ul style="list-style-type: none"> Develop and get adopted laws, decrees and circulars. 	
Financing of income-support programme		
IT systems:	Months 5–16	
<ul style="list-style-type: none"> Required to establish new computer system, enhancements to internet and/or intranet as well as payment issues. 		
Network of offices:	Month 2	
<ul style="list-style-type: none"> Determine location of offices where potential recipients will file an application to receive payments under the programme; also to process applications in back end and determine entitlement to benefits. 		

Generic timetable for implementation of a new non-contributory income-support programme or active labour market programme

Stage	Activities and details	Effective start and end dates for activities
Pre-implementation date	Develop manual procedures: <ul style="list-style-type: none"> Determine application and workflow process – internet, mail, in-person or combination. 	Months 2–16
	Human resources: <ul style="list-style-type: none"> Require suitable staff members to process applications for payment and answer enquiries. 	Months 2–4
	Training: <ul style="list-style-type: none"> Expert trainers to work on training packages and packages for providing unemployment insurance information during employer and worker workshops. Provide training for trainers. Provide training for managers. Provide formalized training for selected staff (only percentage of staff required at commencement of contribution collection). 	Months 2–4 Month 5 Month 6 Month 6
	Communications <ul style="list-style-type: none"> Internal <ul style="list-style-type: none"> Keep senior management informed of progress of developing new income support programme. Report to government ministry responsible for new programme at least bi-weekly. Keep all staff informed of development of new programme. External <ul style="list-style-type: none"> Develop newspaper, television and radio advertisements on the new income-support programme and can apply commencing in month seven. Conduct workshops with interested advocacy groups. Call centre Establish separate hotline for the public with questions. Make government announcements. 	
Implementation Date	<ul style="list-style-type: none"> Working poor can apply for income support from new programme. 	Effective month 7

Generic timetable for implementation of a new non-contributory income-support programme or active labour market programme

Stage	Activities and details	Effective start and end dates for activities
Post-implementation	<ul style="list-style-type: none"> Establish a hotline at national headquarters to assist local staff in answering enquires from staff. Send important updates to all offices on a daily and weekly basis. 	Month 7
	<ul style="list-style-type: none"> Submit monthly reports on number of applications; grant or deny benefits; determine amount of payments by age and sex of beneficiaries. 	Ongoing
	<ul style="list-style-type: none"> Send any changes to manual procedures monthly to local office. 	Ongoing
	<ul style="list-style-type: none"> Develop and establish a formal monitoring programme to ensure quality of work reflects high standards. 	Ongoing
	<ul style="list-style-type: none"> Conduct an evaluation study within three to six months of implementation. 	Months 12–14

Handout 7-3: Group discussions on the communication plan for the implementation of a new unemployment protection scheme

Internal communication

Senior government officials – bi-weekly and monthly updates – dashboard

Minister of responsible department – weekly updates – dashboard

Department staff – web site with up-to-date information, including impact on staff

Other department staff – overview in pre-implementation period

Collaborating departments – weekly and monthly updates – dashboard and departmental meetings

Other government departments – overview on website (updated weekly)

External communication

The public – Strategy of mass media communications, including television ads, radio announcements, newspaper articles and advertisements, publications and brochures on the imminent implementation of the unemployment protection scheme – all intensifying as the implementation date approaches and in the post-implementation period.

Employers – Also a strategy of mass media communication, including television ads, radio announcements, newspaper articles and advertisements, publications and brochures on the imminent collection of contributions as well as the implementation of unemployment insurance – all intensifying as the two implementation dates approach.

Also invite one or two representatives from employers' organizations (with skills in communications and training) to join a workshop concerning the collection of contributions and the implementation of unemployment insurance; at the workshop, these specialists will assume responsibility for being the focal point of information for workers; a full package to be provided that consists of brochures, pamphlets, videos, application for benefit forms, PowerPoint presentations and any other pertinent assistance to help each employer specialist provide workers with important unemployment insurance information.

Workers – In addition to the information provided by employer specialists who meet with workers, a call centre should be established in the pre-implementation period to provide critical information on unemployment insurance, especially the filing procedures and qualifying conditions.

Interest groups – Establish workshops to provide information to officers who assist unemployed workers and special interest groups, such as women, youth, disability and old age pensions.

Handout 7-4: Example of an outline of an unemployment insurance manual of procedures for Coresia

Chapter	Details
Introduction	Implementation of unemployment insurance in Coresia Brief history of unemployment insurance throughout the world Outline of manual of procedures
Acknowledgements	
Abbreviations	
Chapter 1 Coverage and contributions	Unemployment insurance coverage rules Registration of employers Collection of contributions Penalties
Chapter 2 Registration for employment and applying for unemployment insurance benefits	Registration for employment by unemployed workers upon termination of employment Applying for unemployment insurance benefits: application form termination notice from employer other requested information Creating client files
Chapter 3 Processing unemployment insurance applications for benefit	Entitlement conditions Assessing Calculating Decision-making (for example, just cause for quitting job) Approved for payment Non-entitlement to benefits Issue payment
Chapter 4 Continuing claims	Requirement to report monthly for job-seeking interview Refusal of employment Refusal to attend interview Non-availability Penalties, overpayments, recoupment
Chapter 5 Labour market activities	Job matching and referrals Attendance at resume writing or job search workshops Mobility assistance Counselling Vocational training
Chapter 6 Appeals	Appeals board Appeal procedures Federal courts
Chapter 7 Management reports	Statistical monthly reports on claims processing, etc.

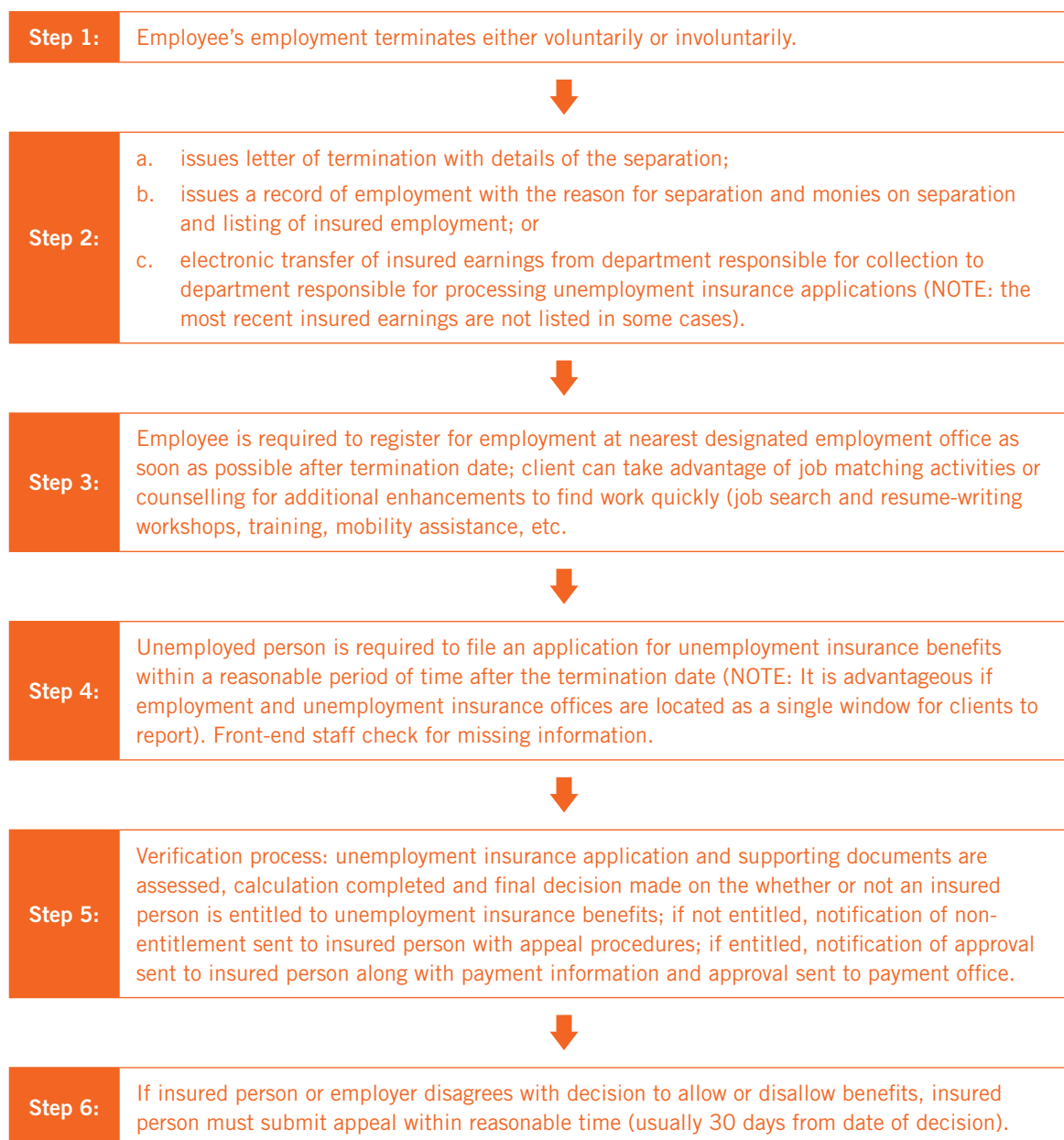
Handout 7-5: Exercise to design a training schedule for the unemployment insurance scheme staff and managers

Proposed training schedule for unemployment insurance scheme in Coresia		
#	Group	Training details
1.	Training for trainers	Will require full training on policies, procedures and workflows of the unemployment insurance delivery system; also require training on overview sessions for those not directly involved in unemployment insurance training.
2.	Senior management at ministry and department level	Will require partial training with enhanced overview session including management reports, monitoring activities, key performance indicators and operational indicators.
3.	Local office managers	Will require full training on policies, procedures and workflows on the unemployment insurance delivery system as well as training on management issues, such as reports, monitoring activities, performance indicators and operational indicators.
4.	Staff – assessors and decision-makers	<p>Will require full training on policies, procedures and workflows on the unemployment insurance deliver system as well as overview of key performance indicators.</p> <p>Will also require training on the computer system – input screens, inquiry screens, payment screens, etc.</p> <p>Will also require soft skills training on how to conduct interviews and address inquiries in a professional manner.</p>
5.	Staff: front-end taking applications and responding to inquiries	<p>Will require enhanced overview session but include the chapter on claims taking and responding to inquiries, such as entitlement conditions and amount of payment.</p> <p>Will also require training on the computer system – input screens, reading inquiry screens and payment screens.</p> <p>Will also require soft skills training on how to conduct interviews and address inquiries in a professional manner.</p>
6.	Call centre staff (if applicable)	<p>Will require enhanced overview session with emphasis on responding to inquiries, such as entitlement conditions and amount of payment.</p> <p>Will also require training on computer screens – input screens, reading inquiry screens and payment screens.</p>
7.	Other clerical staff	Will require overview session.
8.	Other departments and ministries	Will require overview session.
9.	Other departments or agencies dealing with employment measures	Will require enhanced overview session emphasizing their role and what procedures will apply to them within the unemployment insurance scheme.

Appendix 7A: Graph of generic registration of employers for the collection of unemployment insurance contributions



Appendix 7B: Graph of generic filing of initial unemployment insurance application for benefit



Further reading

Bedard, M.; Carter, J. 2004. *Gansu Women's Employment Project: Current unemployment insurance system review and process mapping* (unpublished).

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Carter, J. 2009. *Manual of procedures for Viet Nam for the implementation of unemployment insurance system* (Hanoi, ILO).

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Carter, J.; Bedard, M.; Peyron Bista, C. 2013. *Comparative review of unemployment and employment insurance experiences in Asia and worldwide* (Bangkok, ILO Regional Office for Asia and the Pacific).

Gorman-Smith, D. 2006. *How to successfully implement evidence-based social programs* (Chicago, University of Illinois). Available at: <http://coalition4evidence.org/wp-content/uploads/2012/12/PublicationHowToSuccessfullyImplement06.pdf> [7 June 2017].

Overseas Development Institute. 2005. *Planning tools – How to write a communications strategy* (London, Overseas Development Institute).

Available at: <http://www.odi.org.uk/publications/5186-communications-strategy-planning> [7 June 2017].

Rao, P. 1991. "The policy and procedure manual: Managing 'By the book'", in C. Frattali (ed.): *Quality improvement digest* (Rockville, MD, American Speech Language Hearing Association). Available at: http://www.asha.org/slp/healthcare/policy_procedures/ [7 June 2017].

Government of Prince Edward Island. 2002. *Human resource policy and procedures manual* (Charlottetown, Government of Prince Edward Island). Available at: http://www.gov.pe.ca/photos/original/hrppm_s12.01.pdf [7 June 2017].



MODULE 8:

Monitoring and evaluation of the unemployment protection scheme

How to keep improving the unemployment protection scheme

Objectives of the module

- Establish a strategy and reporting mechanism on the performance of the unemployment protection scheme.
- Understand the role of key performance indicators (KPIs) and the need for management information reports.
- Select appropriate KPIs and performance targets.
- Establish a quality monitoring programme at the local office and national levels for measuring the quality of claims processing in the unemployment benefits delivery system.

Estimated duration of the module: 1 hour and 30 min.

Content

Session M8.1: (1 hour and 30 min.) Monitoring and evaluation system of an unemployment protection scheme

M8.1.a Presentation: Determining an effective strategy for monitoring and evaluating the unemployment protection scheme

M8.1.b Discussion: Defining and establishing key performance indicators

M8.1.c Discussion: Establishing an effective and appropriate monitoring mechanism to measure the quality of claims processing

M8.1.d Presentation: Developing content and the timelines of monitoring reports

Checklist of questions that are answered through the module

- ✓ Why are good monitoring and evaluation so important for developing an effective unemployment protection scheme?
- ✓ Why is feedback from employers and beneficiaries important for policy-makers?
- ✓ What methods of feedback from various stakeholder groups are effective in the development of an unemployment protection scheme?
- ✓ What performance measurement tools are necessary to monitor and evaluate the unemployment protection scheme?
- ✓ What are key performance indicators?

- ✓ What KPIs should be selected that will give the government and the public an objective and transparent measurement of the unemployment protection scheme?
- ✓ What are the timelines and what key performance indicators can be used to measure the success of the unemployment protection scheme?
- ✓ What is a dashboard? Why is the dashboard so effective for management groups when analysing performance measures?

Training methods: Group discussions on determining the types of mechanisms of collecting feedback, list responses from participants on a flip chart, group exercise based on determining KPIs.

Material to be distributed to participants (attached to the module): Three handouts: (i) types of methods to collect feedback from various stakeholders; (ii) identification of KPIs and (iii) identification of KPIs using the five main categories and providing their view on the top priority within each category.

Physical media required: Writing paper and pens, chart paper, coloured pens, flip chart.

Challenges: One of the major challenges facing governments and departments responsible for measuring the success or failure of an unemployment protection scheme is the setting of performance indicators that are transparent and objective. They must be free of manipulation by management, realistic, objective, not too difficult or easy to achieve and potentially demonstrate that the scheme is efficient.

One of the most difficult tasks when setting KPIs is to reflect the values and objectives of the scheme. They must be specific and limited to focus on the priorities of the unemployment protection scheme.

Typically, the implementation of unemployment protection schemes requires a great deal of collaboration among a number of departments and agencies; it is therefore necessary to demonstrate a commitment to meet the KPI targets collectively.

When targets are not achieved, it will be necessary to take immediate corrective action by identifying, in an objective way, the main reasons for falling short of the goals. Therefore, regular reporting on KPIs should be supported by mechanisms that enable the rapid analysis of these results as well as legitimate to take and enforce a decision.

There needs to be a commitment from everyone in the organization, from the departmental minister to the programme staff, to focus on meeting the targets for the KPIs to enhance client satisfaction.

Session M8.1: Monitoring and evaluation system of an unemployment protection scheme

M8.1.a Presentation: Determining an effective strategy for monitoring and evaluating the unemployment protection scheme

Content

First, an introductory paragraph that explains why we need to monitor the performance of unemployment protection schemes:

- It is part of good governance.
- It allows assessment of whether the targets are achievable (for example, check that the right benefits are delivered at the right time to the right individual).
- It allows assessment of whether targets are being pursued in an efficient way (for example, check that the administrative processes are functioning well).
- It provides accurate information to eventually propose corrective measures when targets are not achieved.

The need for good governance is an essential element to establish an effective social security system, including an unemployment protection scheme. Good governance notably translates into effective monitoring and evaluation of the scheme. There is also a need to focus on objective and transparent processes to gain the public's trust.

Under ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) (Article 71, para. 3 and Article 72, para. 2) as well as ILO Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168) (Article 28), the State has the general responsibility to ensure the sound administration and delivery of unemployment protection benefits and assistance, which includes such issues as the timely and accurate payment of benefits and objective and consistent decision-making by department officials in the determination of entitlement to benefits. In addition, Convention No. 102 (Article 70, para. 1) and Convention No. 168 (Article 27) both lay down the right to appeal any decision regarding benefits.

Virtually all national governments are required to monitor progress towards the attainment of objectives and targets of the public programmes. Governments are charged with the responsibility of providing quality and client-oriented services. Performance measurement tools are necessary to assess the success or failure of government programmes, including those aimed at protecting unemployed and underemployed workers.

The results of measuring performance of the unemployment protection scheme can be conveyed to the government and the public in various ways. Many countries provide yearly reports on their plans and priorities for the future years as well as departmental performance or formalized annual reports to highlight successes or shortfalls. Some countries have also implemented quality control and assurance programmes to monitor the quality of the unemployment benefits delivery process; reports are generated to produce results in the correctness of payments or the efficiency of the scheme. Evaluation studies and satisfaction surveys have been used to also measure progress of schemes and programmes.

An essential component of measuring results is the setting of performance targets. Performance targets are goals that an organization can set to gauge success by measuring attainment of specific measures (such as claims should be addressed in fewer than ten working days). They help quantify the vision or strategic objectives into measurable outcomes. A comprehensive and consistent set of performance targets can be used to measure the success or failure of a scheme. It also can be used by policy-makers, supervisory bodies and managers to assess the performance, anticipate shortcomings and propose solutions. Performance targets provide a powerful tool for driving improvements as well as establishing a basis for common action with partners.

In terms of a strategic plan, it is important to first define the main objectives of the unemployment protection scheme and what is important to the organization. This can be accomplished in collaboration with other interested stakeholders (such as a different department responsible for the collection of contributions). The organization can then address the mechanisms necessary to monitor the performance of the organization's goals.

M8.1.b Discussion: Defining and establishing key performance indicators

Why using performance indicators?

One critical measure of success for an unemployment protection scheme is the effectiveness of paying unemployment benefits accurately, on time and to the right person. Key performance indicators (KPIs) can be used to measure an unemployment protection scheme's effectiveness. KPIs help organizations responsible for social protection systems understand how well they are performing in relation to their strategic goals and objectives. KPIs help reduce the complex nature of organizational performance to make performance more understandable and digestible to the organization itself and the public. They are a small number of agreed-upon measurements that reflect the organization's critical goals for success – a numerical snapshot. They are measurable, objective and actionable.

All aspects of the unemployment protection scheme can be measured, including:

- coverage (legal and effective);
- adequacy of benefits;
- operational matters;
- financial matters; and
- beneficiaries' satisfaction.

Legal and effective coverage

An unemployment protection scheme is an essential pillar of a comprehensive social protection system and one of the nine classical branches of social security, as laid down in the ILO's Social Security (Minimum Standards) Convention, 1952 (No. 102) (see Module 2).

When looking at the gap in coverage, it is important to distinguish between two types of coverage: legal and effective coverage. "Legal coverage" estimates refer to the percentage of the economically active population that is legally protected in the event of, for example, unemployment. The second type is "effective coverage" and is measured in terms of the number of unemployed and/or underemployed receiving unemployment benefits and compared with total unemployment.

In countries categorized as high income, around 70 per cent of the economically active population is legally covered, while only around 40 per cent of unemployed workers receive unemployment benefits. The numbers in developing countries is substantially lower, mainly due to the large size of the informal economy.

Adequacy of benefits

A primary objective of an unemployment protection scheme is to ensure adequate income replacement during periods of unemployment while facilitating a quick return to work. Thus, it is critical to the managing organization to know if the unemployment benefits are adequate enough so that unemployed workers and their families have sufficient funds for daily living and can avoid poverty, without it being overly generous to encourage a moral hazard. Are employment services and other support programmes for re-employment effective to ensure that unemployed workers quickly return to the labour market?

Examples of potential KPIs to monitor the adequacy of unemployment benefits include:

- average level of income replacement benefits (paid by unemployment insurance or social assistance programmes), compared with the average wage and/or poverty line;
- average duration of income replacement benefits (distribution);
- number of beneficiaries exhausting unemployment benefits;
- share of unemployed workers returning to work within the period covered by unemployment insurance benefits or a determined period;
- share of unemployed workers creating their own enterprise; and
- share of unemployed workers completing vocational training and returning to work.

Operational and administrative matters

The effectiveness of the unemployment benefits delivery system will significantly impact on the government's and the public's perception of the success or failure of the unemployment protection scheme. It will be the responsibility of the accountable departments to collect contributions, process applications for benefits and deliver benefits efficiently. All aspects of the process can be measured to some degree, and the challenge is to highlight those elements that best reflect the main objectives of the scheme.

Some examples of important measurements:

- speed of service when processing claims for benefits and also payment of benefits;
- accuracy of benefits, gauged by the results of ongoing quality monitoring programmes for the actual amount of overpayments and underpayments or the quality of decision-making;
- percentage of employers failing to remit contributions on time;
- the appeal process, in terms of decisions upheld by a board or decisions in favour of an appellant;
- rate of "missing" (or undeclared) wages; and
- percentage of clients using various labour market programmes or schemes.

Operational indicators are designed not only to assist operations staff and management in analysing the overall service delivery but also to provide suggestions on solutions into areas requiring improvement.

Finally, from a legal standpoint, there are provisions that dictate deadlines for the processing of claims for benefits as well as the accurate and timely payment of benefits. For example, in Viet Nam, the Employment Service Centre, the unit responsible for processing unemployment insurance claims, is allowed 20 working days from the date of registration of employment for timeliness.

Financial matters

From a financial perspective, monitoring could apply to the status of the unemployment scheme fund, with full details on revenue and spending as well as sustainability.

In the case of tax-funded programmes, often the financial sustainability lies with the political decision to maintain or suspend the programme. In the case of an unemployment insurance scheme, other financial details, such as contributory issues, could be addressed in terms of the ratio of those who pay consistently on time to the overall number of contributors. Other possible measurements include:

- pay-as-you-go cost rate;
- financial ratio;
- reserve ratio;
- administrative costs (compared with the contributory wage base); and
- real rate of return on investment.

It is also important that the administration of the scheme plans for periodical actuarial reviews and in any circumstances before undertaking any parametric reforms (see Module 6 for further details on basic knowledge of costing and actuarial principles).

Satisfaction of clients

Customer satisfaction in any public service is of paramount importance to the well-being of the business, programme or scheme. It is the primary reason to serve clients successfully and competently.

It is thus relevant to measure whether persons who apply are generally granted or refused benefit and any subsequent service-related complaints they may have. It would be useful to monitor the complaint mechanisms to determine the manner and time required to deal with complaints, the matters being raised in those complaints and whether they were resolved in the claimant's favour or not.

Client satisfaction surveys are effective tools in measuring to what degree insured persons, employers or beneficiaries are satisfied with the services provided by the responsible departments. Appendix C provides some types of mechanisms for collecting feedback from beneficiaries and employers as well as staff and managers at the local and central levels that will help improve a scheme's performance.

Performance measurement tools

Performance measurement tools for unemployment programmes are numeric indicators of how well they are meeting their scheme's goals. KPIs are a selected list among a plethora of performance indicators. KPIs should not only be measurable but they should respond quickly to changes in the organization's operations so that management can take prompt action if the measurement falls below expectations or can build on success if the measurement exceeds expectations. They can be used to report performance on a formal basis to the government and the public at large. They also help in responding to cost-delivery questions and are used for accountability purposes.

Performance targets and target levels can be based on a number of factors:

- historical trends can be used to establish baselines;
- fiscal measures addressing available measures and constraints provide input for establishing performance targets;
- mechanisms for collecting feedback from insured persons, beneficiaries and employers on the receipt (or not) of unemployment benefits and services in an objective manner;
- targets should reflect the values and the vision of the organization; and
- legal requirements can help set targets.

KPIs are first used to evaluate a social protection programme's overall performance. Within the organization in charge of implementing the unemployment protection scheme, KPIs can also be used to measure whether each unit is meeting its own specific targets. This is especially useful in comparing the performance of regional or local offices. Senior management would be in a position to analyse which regions or local offices are achieving the KPI targets or provide assistance to help them achieve the target in the future.

Tip box 8.1**Using the SMART approach, as one method to set key performance indicators**

S = specific	Answer the 5 Ws: <ul style="list-style-type: none"> ▪ Who is responsible, who is involved? ▪ What do we want to accomplish? ▪ When, over what period, do we want to achieve our goals? ▪ Where do we focus to achieve our goal? ▪ Why, for what benefit, for what purpose?
M = measurable	How much time does it take? How many units should we handle? How do we measure this?
A = attainable	The goal must be realistic. The person or unit in charge must be the right one, the one that can actually help to achieve the goal.
R = relevant	The goal must be worthwhile for the organization. The goal must be of interest to other parties and stakeholders. All of the important objectives must be covered.
T = timely	What is the target date? How often do we report? How quickly do we need to report this result?

Tip box 8.2**What do we need to avoid when setting performance indicators?**

- The organization should avoid setting KPIs that are easy to reach or because it will be easy to collect certain data.
- Selective KPIs can be made public, but only those that matter for the good delivery of public services, which contribute to the government's and public's need for information.
- The organization should avoid setting KPIs that are too complex or difficult to understand or to explain.
- The organization should avoid setting KPIs on the basis of business units that can be manipulated, dressed up to look good or according to targets that will only be met by neglecting other important aspects.
- The organization should avoid setting too many KPIs, which would distract decision-makers from focusing on what is important.

KPIs are not static and usually are refined over time. As the objectives and priorities of the scheme change, KPIs are added or deleted, based on the organization's experience, on the gradual improvement of the reporting systems and on the constraints imposed by resources, including IT systems.

To successfully launch a performance monitoring system with KPIs, there needs to be an expectation of what the targets should be. There also needs to be an acknowledgement from senior officials that there is political will for change. A "champion" with vision who creates an enabling environment is essential to the success of using performance indicators. Given that the introduction of a performance monitoring system might challenge the current culture and the way of doing things within government

organizations, political will and leadership are essential to support the values and ethics that underline a successful system: adequacy of benefits, transparency, objectivity, accountability, a commitment to a “results” orientation and good governance. This support is necessary not only in the development and implementation stages but also to sustain a scheme over the long term.

Of crucial importance for the development of a performance monitoring system is the need for system infrastructure to produce the necessary credible and relevant data as well as the skilled technical personnel to gather, analyse and accurately report the findings. Thus, the successful development and implementation of performance indicators take more than political will. Even though resources are committed to developing effective performance indicators, a number of technical issues may require a lengthy process to put in place and develop credible data systems, train specialists on the indicators and educate managers throughout the system on how and where the information will be used.

Another suggestion for monitoring and improving an unemployment protection scheme is conducting an actuarial study or costing study in the case of non-contributory schemes. In theory, such a study should be carried out during the feasibility stage prior to the potential implementation of the scheme to any reforms of the scheme design or parameters (see Module 6 for details on basic knowledge of costing and actuarial principles).

M8.1.c Discussion: Establishing an effective and appropriate monitoring mechanism to measure the quality of claims processing

Most countries have established a quality-monitoring and quality-assurance programme to measure the work performed by staff to ensure the accurate processing of claims for benefits. Various methods have been used, and the following are three suggestions for establishing an effective monitoring system:

- Unemployment Benefits Payment Accuracy Review;
- Unemployment Benefits Processing Accuracy Review; and
- 100 per cent monitoring of new staff as well as introduction of new legislation.

Unemployment Benefits Payment Accuracy Review

As the name suggests, the Unemployment Benefits Payment Accuracy Review focuses on the actual payment to beneficiaries and whether or not this payment was: (i) correctly paid or (ii) incorrectly paid, which then led to an overpayment or underpayment situation. Essentially, it measures the accuracy of unemployment benefits payments.

The review consists of selecting a random number of claims processed per year (to be determined by an actuary). It is carried out by a national team of monitors located at the head office, with each file monitored by two separate reviewers. The results of both reviews are compared to ensure accuracy and impartiality and consistency among reviewers. Each review should provide detailed information on the causes and monetary value of undetected errors at the time a decision is rendered.

Results are calculated on a monthly basis as well as yearly (end of the year). Because the monitoring is random and a claim for benefits could be reviewed from any office, notification of errors is sent to the local office for action (in case of establishing overpayments or underpayments).

A final report could be sent to the minister outlining the results of the accuracy of payments for the unemployment protection scheme, along with any recommendations for improving the error rate. In some countries, the monitoring of the accuracy of unemployment insurance payment is identified as a PKI and reported formally to the government and the public via agreed-upon reporting mechanisms.

Unemployment Benefits Processing Accuracy Review

Unemployment Benefits Processing Accuracy Review is also a monitoring programme that reviews a random selection of claims per month (to be determined by an actuary). The review is usually

carried out by the local office resource advisor and is conducted on a monthly basis. It verifies that applications for unemployment insurance benefits are adjudicated and calculated in accordance with national operational policies and procedures. This type of monitoring measures the percentage of claims considered “in order”. A claim is considered to be in order when all criteria relevant to the review of the claim has been met. The resource advisor has an important role in conducting the monitoring and identifying the causes of errors in the processing system. The report of findings can be sent to management to highlight potential training needs or administrative problems.

New staff or new legislation

Monitoring of new staff or the passage of new legislation requires a full review of all decisions prior to the payment of benefits. Once the monitoring of a claim has been completed and all necessary corrections have been addressed, the claim can be finalized. Weekly reports on all monitoring activities continue until the staff member passes a pre-determined threshold. Consolidated reports are forwarded to the manager to keep them apprised of the monitoring process.

Country box 8.1

The monitoring system of the unemployment insurance scheme in Viet Nam

The following criteria for monitoring were introduced during a 2011 evaluation of the Viet Nam unemployment insurance scheme. Claims processed in Hanoi, Da Nang and Ho Chi Minh City were randomly selected for review, with the following results.

Issue	HCMC	Da Nang	Hanoi	National
Total dossiers (claims) monitored	44	24	39	107
Dossiers with pay affect errors	0	1	3	4
Dossiers with clerical errors	2	4	3	9
Dossiers in order	42	19	33	94
Percentage of dossiers (claims) in order	95 %	75 %	85 %	88 %

Source: Data compiled by Carter and Bedard, 2011.

M8.1.d Presentation: Developing content and the timelines of monitoring reports

In management information systems, a “dashboard” is an easy-to-read, often single page, real-time user interface, showing a graphical presentation of the current status (snapshot) and historical trends of an organization’s KPIs. This report highlights results quickly and allows senior management to make instantaneous and informed decisions at a glance. The reports also can be sent by departments responsible for the unemployment benefits delivery system to report to senior management on a weekly basis.

Many departments responsible for an unemployment protection scheme have developed quality-control and quality-assurance programmes to measure the success of accurate payments, effective decision-making and payment of unemployment insurance benefits. A random sample of claims is monitored and reported on a monthly basis as a KPI. Every month, the reports are analysed for error trends and identification of causes of errors requiring corrective action (such as the training required). A comparison of local offices processing claims highlights those that are successful or require remedial action. Ultimately, the results can be consolidated on a yearly basis and formally reported to the government.

Tip box 8.3 Contents of a dashboard

The minister and senior management will dictate which information they want to receive on a weekly basis to monitor and react to the delivery of unemployment benefits and services. The following highlights some of the important details illustrated in a dashboard.

Intake of unemployment benefit claims	Previous and current year (by week and month) – sometimes by region
Claims processed	Previous and current year (by week and month)
Speed of payment	Percentage of claims meeting target – previous and current year
Speed of decision	Percentage of claims meeting target – previous and current year
Accuracy of payment	Percentage of claims with errors affecting payment – monthly statistics
Accuracy of claims processing	Percentage of claims in order – monthly statistics
Number of work-sharing and other active labour market programme claims processed	Previous and current year
Number of enquiries on handled by the call centre	Previous and current year – weekly and yearly

The report highlights trends, problems, unique circumstances (such as major layoffs) and negative events that could impact claims intake nationally, regionally or locally. The dashboard is usually presented to the minister or senior management at the start of a work week to determine any urgent problems that need corrective action.

The list is an example only, and there could be other details of interest to the minister or senior management in relation to the unemployment insurance service delivery system.

Exercise: Defining mechanisms and indicators for monitoring and evaluation



As previously mentioned, performance indicators can measure five aspects of the unemployment support programme: coverage, benefits, operations, financial and clients' satisfaction. KPIs are usually reported to the public but not necessarily in all cases.

Information reports for managers are not specifically indicators, but it is necessary information for them to devise strategies to deal with claims processing, backlogs and ultimately the achievement of the targeted indicators.

Objective of the exercise: Identify performance indicators and discuss challenges.

Provide Handout 8-1 to participants.

Groups are to deal with three issues:

1. Participants work in their groups to identify performance indicators under each of the five categories: coverage, benefits, operations, financial and client satisfaction.
2. Participants identify, in their opinion, the top priority for each category of KPIs. Also, please identify the number-one priority of all listed KPIs.

3. The group discusses potential challenges in their respective country to prepare the proposed performance indicators.

A group spokesperson presents the responses to the three issues. Note the overall top KPIs per category as well as the number-one KPI on a chart.

At the end of the exercise, participants receive Handout 8-2 with right responses.

Appendix 8: Improving the scheme with feedback from stakeholders

What is the purpose of obtaining feedback from staff, insured persons, beneficiaries, employers and other stakeholders and partnering departments? The best way of finding out about people's view on any topic is to ask them, simply and clearly, to give their opinions.

The fundamental purpose of the collection of feedback is for quality control. We need to know if our processes and programmes are satisfactory and are working well. Perhaps this is an oversimplification because there is also an expectation that, if things are not working well, alternate solutions will be found to correct problems or issues that negatively impact on services.

Client feedback from insured workers and employers as well as beneficiaries of non-contributory programmes allows us to better understand the clients' needs and concerns about the unemployment protection scheme. This information can assist policy-makers to go above and beyond the call of duty and exceed client's expectations. Not being in tune with the clients is like living in an alternate reality. The way we think our clients feel about our programme and service delivery is not always the same as what our clients really think about the services we provide to them. Feedback from clients allows management to develop strategies to enhance good practices and improve with alternate solutions to problems with service delivery or policies and procedures of the unemployment protection scheme.

Staff assume a role as mediator between the managers responsible for the scheme and the target population and employers when the scheme is contributory. They have an "ear to the ground" and can gauge the reactions of clients, both positive and negative. Staff feedback can help measure the outcome of training sessions, highlight possible negative reaction to new or restrictive provisions of the scheme and the quality of work of the organization. Thus, managers should encourage employees to give feedback and take it into consideration for the growth and smooth running of the organization. Such feedback keeps managers apprised of the organization's strengths and weaknesses as well as being a warning bell for any potential problems.

Line supervisors and managers also can have a pivotal role in providing senior management with feedback from many sources, especially staff. They are in a unique position to be involved in the strategic developments of the unemployment protection scheme as well as meeting individual employers and clients who are in difficulty and seeking solutions.

It is also critical to obtain feedback from other stakeholders, such as employers' and workers' representatives and representatives of beneficiaries. They are important for the design and development of an effective scheme. In the case of a contributory unemployment insurance scheme, feedback from employers and insured workers, responsible for the financial contributions, should be given a high degree of significance. Due to the tripartite nature of the unemployment insurance scheme (government, employers and workers), collaboration between these groups is essential to the acceptance of a suitable scheme for a particular country. Other stakeholders, such as unemployed interest groups, representatives of the target population, employer organizations (including small and medium-sized employers' associations), vocational and skills training advocates, private enterprises, academics and other interested parties should be consulted throughout the collaborative process.

Collaboration also should be extended to those partnering departments that have a vested interest in the development of an unemployment protection scheme, such as ministries dealing with financial and legal issues, labour, social assistance, training, employment activities and communications.

Then the State, as the ultimate accountability responsible for good governance of the scheme and the delivery of benefits, should take necessary corrective measures, based on both the measurement of performance and feedback from stakeholders.

Exercise: Complete a list of mechanism types for feedback

Place on flip chart with the heading “Feedback from”:

- employers’ representatives;
- target beneficiaries and workers’ representatives;
- staff;
- middle management;
- other stakeholders; and
- participating departments.

Have participants provide a list of the various mechanisms for these groups. Discuss their suggestions and note the responses on the flip chart.

Category	Types of mechanisms
Employer clients	<ul style="list-style-type: none"> ■ Yearly national or regional workshops ■ Monthly meetings of local employers ■ Internet web site: question of the day, online surveys provide contact information for responses concerning the scheme ■ Post on an internet site for job matching a request for employer feedback ■ Post survey on employer association web site ■ Send paper questionnaire to employer groups and/or individual employers or employer sector meetings ■ Conduct telephone survey: automated or “live” telephone ■ E-mail request for feedback (changes to unemployment insurance scheme) ■ Tripartite meetings ■ Invite feedback from employers after newspaper articles or television programmes on unemployment insurance ■ At the time of payment of collections at local office ■ Categorize formal complaints on unemployment insurance scheme ■ When investigators visit an employer’s premises, ask to complete survey or questionnaire on the unemployment insurance scheme
Worker clients	<ul style="list-style-type: none"> ■ Yearly national or regional workshops ■ Tripartite meetings ■ Online survey at internet web site for workers’ association ■ Post on an internet site for job matching a request for feedback on unemployment insurance scheme ■ Send paper questionnaire to worker groups ■ E-mail request to insured persons applying for benefits ■ Ask insured person applying for benefit at local office to complete survey or questionnaire ■ If an electronic application is available, append survey at end of application ■ Invite feedback from employers after newspaper articles or television programmes on unemployment insurance ■ Attach specific questions on unemployment insurance in the yearly Labour Force Survey ■ Evaluations of unemployment insurance scheme ■ Responses to multiple choice questionnaires
Staff	<ul style="list-style-type: none"> ■ Informal: “open door” policy ■ Performance evaluation meetings ■ Weekly staff meetings ■ Training feedback ■ Suggestion box ■ Group meetings on improving unemployment insurance scheme ■ Quality monitoring of claims

Category	Types of mechanisms
Supervisors and managers	<ul style="list-style-type: none"> ■ Feedback from clients inquiring at local office or call centre ■ Management meetings ■ Monthly processing reports ■ Newspaper articles or television discussions on unemployment insurance scheme
Other stakeholders	<ul style="list-style-type: none"> ■ Yearly national or regional workshops ■ Tripartite meetings ■ Survey or questionnaires dealing with specific issues relating to area of expertise, such as training and job matching
Partnering departments	<ul style="list-style-type: none"> ■ Ongoing meetings between collaborative departments having an direct interest in unemployment insurance scheme ■ E-mails between partner management teams ■ Electronic, paper or telephone questionnaires or surveys

Handout 8-1: Identification of key performance indicators: Coverage, benefits, operations, finances and client satisfaction

Identification of KPIs – Coverage, benefits, operations, financial and client satisfaction			
#	Issue	Details	KPI
1.	Speed of processing	Percentage of claims for which a payment or non-payment decision is made by the appropriate authority within 20 days of applying for benefits.	For example: Operations
2.	Effective coverage	Percentage of total unemployed workers who are currently receiving unemployment benefits.	
3.	Speed of processing: decisions on vocational training	Percentage of decisions made for vocational training within 15 days of receiving request.	
4.	Duration of benefits	Average duration of benefits for fiscal year.	
5.	Quality of claims processing	Percentage of claims monitored that are in order. While referrals to training and referrals to job vacancies are not targeted, these issues may appear in the random selection of claims to be monitored.	
6.	Client satisfaction	Percentage of unemployed persons (applying for or receiving benefits) satisfied with the quality of service provided by the local processing office.	
7.	Number of unemployed persons receiving full benefits	Percentage of unemployed persons receiving their full entitlement of benefits without finding suitable employment.	
8.	Providing support to unemployed persons	Percentage of unemployed persons receiving unemployment insurance benefits and accepted one of the following support mechanisms: counselling, attended job matching or resume writing workshop, referred to suitable employment, attended training course or received mobility assistance.	
9.	Investments	Rate of return on investments for fiscal year.	
10.	Speed of payment	Percentage of claims for which a payment or non-payment notification is given to the claimant within five days after the final decision is made by the appropriate authority.	
11.	Legal coverage	Percentage of economically active population who are legally covered in the event of unemployment.	
12.	Claims allowed or disallowed	Percentage of applications processed and allowed for payment of benefit as well as percentage of applications for benefit disallowed and specific reasons for non-payment.	
13.	Employers complying with timely contributions (for unemployment insurance scheme only)	Percentage of employers consistently paying their unemployment insurance contributions on time.	

Identification of KPIs – Coverage, benefits, operations, financial and client satisfaction

#	Issue	Details	KPI
14.	Client satisfaction	Percentage of unemployed persons (applying or receiving unemployment insurance benefits) satisfied with the department responsible for the timely and accurate payment of benefit.	
15.	Sustainability of the fund	Annual and cumulative balance between revenues and spending.	
16.	Accurate payment of unemployment benefits	Percentage of accurate benefits payments by monitoring a random selection of claims processed in each local office.	

Handout 8-2: Responses to the identification of key performance indicators: Coverage, benefits, operations, finances and client satisfaction

#	Issue	Details	KPI
1.	Speed of processing	Percentage of claims for which a payment or non-payment decision is made by the appropriate authority within 20 days of applying for benefits.	Operations
2.	Effective coverage	Percentage of total unemployed workers who are currently receiving unemployment benefits.	Coverage
3.	Speed of processing: decisions on vocational training	Percentage of decisions made for vocational training within 15 days of receiving request.	Operations
4.	Duration of benefits	Average duration of benefits for fiscal year.	Benefits
5.	Quality of claims processing	Percentage of claims monitored that are in order. While referrals to training and referrals to job vacancies are not targeted, these issues may appear in the random selection of claims to be monitored.	Operations
6.	Client satisfaction	Percentage of unemployed persons (applying for or receiving benefits) satisfied with the quality of service provided by the local processing office.	Client satisfaction
7.	Number of unemployed persons receiving full benefits	Percentage of unemployed persons receiving their full entitlement of benefits without finding suitable employment.	Benefits
8.	Providing support to unemployed persons	Percentage of unemployed persons receiving unemployment insurance benefits and accepted one of the following support mechanisms: counselling, attended job matching or resume writing workshop, referred to suitable employment, attended training course or received mobility assistance.	Operations
9.	Investments	Rate of return on investments for fiscal year.	Financial
10.	Speed of payment	Percentage of claims for which a payment or non-payment notification is given to the claimant within five days after the final decision is made by the appropriate authority.	Operations
11.	Legal coverage	Percentage of economically active population that are legally covered in case of unemployment	Coverage
12.	Claims allowed or disallowed	Percentage of applications processed and allowed for payment of benefit as well as percentage of applications for benefit disallowed and specific reasons for non-payment.	Operations
13.	Employers complying with timely contributions (for unemployment insurance scheme only)	Percentage of employers consistently paying their unemployment insurance contributions on time.	Operations
14.	Client satisfaction	Percentage of unemployed persons (applying or receiving unemployment insurance benefits) satisfied with the department responsible for the timely and accurate payment of benefit.	Client satisfaction

#	Issue	Details	KPI
15.	Sustainability of the fund	Annual and cumulative balance between revenues and spending.	Financial
16.	Accurate payment of unemployment benefits	Percentage of accurate benefits payments by monitoring a random selection of claims processed in each local office.	Operations

Further reading

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GLOSSARY

A

Active labour market policies: Active labour market policies have traditionally aimed to reduce unemployment and underemployment by matching jobseekers with current vacancies through direct job-search assistance or information provision; upgrading and adapting the skills of current jobseekers in order to improve their employability; providing incentives to individuals or firms to take up certain jobs or hire certain categories of workers; and creating jobs either in the form of public sector employment or the provision of subsidies for private sector work.

Actuarial equilibrium: The minimum level of funding in a social security scheme to be maintained over a defined period at each point in time. The actuarial equilibrium is a discretionary concept. Technically, it is usually stated in the form of a provision in the social security law stipulating that the scheme has to maintain a certain level of funding of k times the annual expenditure (funding ratio) for a certain number of years x (the period of equilibrium).

Administrative costs: Costs related to the administration of a social protection scheme, including targeting processes (if any), enrolments, premium collection, claims processing, monitoring and evaluation.

Adverse selection: A phenomenon in which persons with a greater-than-average risk enrol in an insurance scheme, in a larger proportion than that of their share in the target population and/or choose the highest level of coverage. When individuals have no say about whether to be insured or at what level of coverage, adverse selection does not exist. Such is the case when membership is automatic and schemes offer a single level of coverage. The existence of adverse selection may jeopardize a scheme's financial viability, given that the premium would not be enough for the insurance scheme to pay for the actual risks.

B

Beneficiary: Individual or household receiving benefits at a specific point in time or during a period of time. In most cases, beneficiaries are individuals, yet in some cases, benefits are paid to households.

C

Contributing family worker: A person who holds self-employment jobs in an establishment operated by a related person, with a too limited degree of involvement in its operation to be considered a partner. A worker who holds a "self-employment" job in a market-oriented establishment operated by a related person living in the same household, who cannot be regarded as partners, because their degree of commitment to the operation of the establishment, in terms of working time or other factors to be determined by national circumstances, is not at a level comparable to that of the head of the establishment.

Contribution: A determined amount paid periodically to a social insurance scheme by an insured worker and/or the employer or the government on behalf of workers. The amount of the contribution paid may be a percentage of the earnings of a worker or a flat rate. It is imperative that the amount of money collected for the pool must be sufficient to make all the promised payments to those participants who have valid claims.

Contribution ceiling: The minimum and/or maximum amount of an individual's wages that is subject to contributions to a scheme.

Contributory schemes: Such schemes comprise contributions made by beneficiaries, their employers and/or sometimes the government that determine their entitlement to benefits.

D

Deflator: The ratio between a “nominal” and a “real” variable (private consumption in current prices versus constant prices in the base year).

Dependant: A person who, though not a member of scheme, benefits from the services and/or benefits it provides as a result of their family ties to a member. Some schemes accept as dependants the member’s spouse (or spouses) and children up to a specified age; others also include ascendants (members’ parents and grandparents) and even siblings (members’ brothers and sisters). Members must register dependents upon enrolment in the scheme or, in the case of marriage or birth, subsequent to enrolment. When a person is no longer a member of the scheme, coverage is no longer provided to their dependants.

Domestic worker: Any person engaged in work performed in or for a household or households within an employment relationship (Domestic Workers Convention, 2011 (No. 189)). This definition includes domestic workers engaged on a part-time basis and those working for multiple employers, nationals and non-nationals, as well as both live-in and live-out domestic workers. The employer may be a member of the household for which the work is performed or an agency or enterprise that employs domestic workers and makes them available to households. Self-employed persons and independent contractors are not considered “domestic workers” under the Convention.

E

Effective coverage: Such coverage can be measured in terms of protected persons and in terms of actual beneficiaries. “Protected persons” are those who have guaranteed benefits should they be affected by the contingency covered (retirement or unemployment) but are not necessarily currently receiving them. Effective coverage of protected persons for a contributory scheme is measured by the percentage of the target population (working-age population) currently contributing to the scheme and can thus expect to receive benefits in the future when needed. In respect of “actual beneficiaries”, effective coverage is measured by the proportion of the population affected by a certain contingency (persons of pensionable age) who are receiving the appropriate social benefits.

Eligibility conditions: The set of legally defined conditions that stipulate if and when a person has the right to claim a benefit.

Employed persons: All persons older than a specific age who, during a specified reference period, were in the following categories:

- paid employment;
- at work (persons who during the reference period performed some work for wage or salary, in cash or in-kind); or
- with a job but not at work (persons who, having already worked in their present job, were temporarily not at work during the reference period but had a formal attachment to their job).

Employee: A worker who holds a jobs with an explicit (written or oral) or implicit employment contracts which give him or her a basic remuneration which is not directly dependent upon the revenue of the unit for which they work - among whom countries may need and be able to distinguish “employees with stable contracts” (including “regular employees”).

Employers: A worker who, working on their own account or with one or a few partners, hold the type of job defined as a self-employment job, and, in this capacity, on a continuous basis have engaged one or more persons to work for them in their business as employee(s).

Employment injury (or occupational injury): An injury, accident, illness or occupational disease that occurs to an employee as a direct result of duties assigned in their job.

Employment (or unemployment) insurance: A protective mechanism that provides income support, usually over a limited period, to those who face temporary (and involuntary) unemployment. Benefits are either related to the previous earnings of the beneficiary or set at a flat rate. In addition, it can include payment of family benefits, contributions to health insurance, maternity, sickness and pension schemes. Entitlement criteria usually involve:

- being in involuntary unemployment;
- searching for employment (registered in employment services, accepting job placement offers, undertaking training) and ready to start employment soon;
- being younger than the normal pensionable age; and
- having completed a certain qualifying period of contributions or employment.

Employment (or unemployment) insurance schemes can also contain employability-enhancing measures, typically:

- counselling and assistance in searching for new employment;
- training or retraining; and
- public works or other forms of employment guarantees that provide certain forms of paid employment to beneficiaries.

Exclusion error: Represents undercoverage and is measured by the ratio of the eligible non-beneficiaries to the total target population who should be covered by a scheme (such as people who are poor).

F

Fiscal space: The availability of budgetary room that allows a government to provide resources for a desired purpose without any prejudice to the sustainability of a government's financial position.

G

Gross domestic product: An aggregate measure of the production of goods and services within the boundaries of a country. Broadly, the amount of gross income available for distribution to the production factors labour and capital, which, after taxation, constitutes the basis for redistributive state interventions.

H

Hours of work: Can refer to the number of hours actually worked or the number of hours spent at the place of work and includes normal periods of work and overtime or the “hours paid for”, which include hours paid for but not worked, such as paid annual vacation, paid public holidays, paid sick leave and other paid leave.

I

International labour standards: These standards either take the form of Conventions or Recommendations and cover all areas that concern the objectives of the International Labour Organization. Conventions are designed with a view to being ratified. Hence, when an ILO member State ratifies a Convention, it becomes subject to legally binding international obligations. While Recommendations are not open for ratification, they specify general or technical guidelines and often supplement corresponding Conventions. Standards therefore serve as globally backed guidelines for national social policies. When ratified, they also prevent countries from moving backward or losing what has already been achieved.

Inclusion error: Represents leakage and is measured by the ratio of the non-eligible beneficiaries (non-poor beneficiaries) to the total beneficiary population covered by a scheme or programme.

Inflation: The rate of increase in the general price level of goods and services in an economy over a certain period of time, usually one year. There are different ways to measure inflation. Some common measures, which are useful for the purposes of this guide, are the consumer price index, headline inflation, and the GDP deflator.

Informal employment: Encompasses all economic activities by workers or economic units that are – in law or practice – not covered or insufficiently covered by a formal arrangement. Jobs are identified as informal according to the characteristics of the employment relationship and status in employment. Informal jobs can occur in the formal sector as well as in the informal economy or in households (in the case of domestic work). Employees are considered to have informal jobs if their employment relationship is not subject to labour regulation, taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave). Own-account workers, employers and members of producers' cooperatives are considered to have an informal job if the production unit is informal. All contributing (unpaid) family workers are considered to have informal jobs. Activities of persons engaged in the production of goods for own final users are also considered informal jobs. Informal enterprises are private unincorporated enterprises that are not registered under specific forms of national legislation, such as factories or commercial acts, tax or social security laws, professional groups' regulatory acts or similar acts, laws or regulations established by national legislative bodies and/or whose employees are not registered.

Insurance: A mechanism intended to provide coverage against the financial consequences of prescribed uncertain events. In return for a regular payment, called a “premium”, the insurance provider takes on the financial risk of the insured person. In case the insured person experiences a risk such as hospitalization or theft, the insurance provider pays for the financial losses. By compiling historical information on the occurrence of risks among a large pool of insured people, insurance providers are able to predict the probability of a risk and thereby estimate the average cost of the risk. This average cost serves as the basis for the calculation of the premium. Insurance is based on the assumption that not all insured persons will claim for benefits at the same time. The contributions paid by all insured members are used to compensate for the financial consequences of those few who are experiencing the risk.

International migrant worker: A person who migrates from one country to another with a view to being employed otherwise than on their own account. This does not include persons coming specifically for purposes of training or education and persons admitted temporarily to a country at the request of their employer to undertake specific duties or assignments for a limited and defined period of time and who are required to leave that country on the completion of their duties or assignments. Frontier workers, the short-term entry of members of the liberal professions, artistes and seafarers are usually excluded.

J

Just cause dismissal: A valid reason for the termination of employment that is connected with the: (i) capacity, (ii) conduct of the worker or (iii) based on the operational requirements of the undertaking.

L

Labour force participation rate: A measure of the proportion of a country's population above 15 years old that engages actively in the labour market, either by working or looking for work.

Labour productivity: Amount of goods and services produced by an employed worker in a year.

Legal coverage rate: The percentage of the labour force or population (according to the scheme's target) that is legally protected. A legally covered person has a guaranteed right to a social benefit but is not necessarily a current recipient of such benefit.

M

Means-tested benefits: Benefits that are granted only upon proof of need. Different types of income or assets, such as capital, earnings, benefits and other payments, may be taken into account in the aggregate for the purpose of determining whether the applicants are eligible for benefits at all and the amount of benefit that will be granted. In some cases, means tests do not assess household income directly but use other indicators to determine the eligibility of a household (proxy means test) or use alternative methods, such as geographic targeting. They can either focus on a specific risk or contingency (for example, social assistance benefits for families with children and for older persons with insufficient resources) or for particularly vulnerable groups.

Minimum income support (or guarantee) schemes: Also commonly referred to as social assistance, these schemes are targeted tax-funded schemes that provide a minimum level of resources to those individuals and households living under a defined threshold of income or assets. Eligibility is usually determined by a means test, which assesses a household's level of income or assets against a defined threshold.

Minimum wage: The minimum sum payable to a worker for work performed or services rendered, within a given period, whether calculated on the basis of time or output, which may not be reduced either by individual or collective agreement. It is guaranteed by law and may be fixed in such a way as to cover the minimum needs of workers and their family, in light of national economic and social conditions.

Moral hazard: A phenomenon according to which insured persons are more likely to take risks and be careless about safeguarding themselves from risky situations. This is because the person knows that they will be covered from financial losses by the insurance provider.

N

Non-contributory (or tax-funded) scheme: An intervention that normally requires no direct contribution from beneficiaries or their employers as a condition of entitlement to receive benefits. Those schemes are usually financed through tax or other state revenues and may target people who are poor or with other specific needs, or be universal.

O

Own-account workers: A worker who, working on their own account or with one or more partners, hold the type of job defined as a “self-employment job” where the remuneration is directly dependent upon the profits derived from the goods and services produced.

P

Part-time worker: An employed person whose normal hours of work are less than those of comparable full-time workers. The demarcation point is left to individual countries to define. Dividing lines are typically somewhere between 30 and 40 hours a week.

Partial unemployment benefits: Entitlements paid for employees who are working in enterprises that due to specified (economic, cyclical, seasonal) conditions shortened working hours. The loss of income (of the hours worked less) is partially compensated (50–70 per cent) by either the unemployment scheme, the state budget or both.

Passive labour market policies: Government prescriptions that provide income replacement during periods of unemployment or job search.

Poverty line: The level of income defining the borderline between the strata of “poor” and “non-poor” in a society. If a person or household has less than this amount at their disposal, the person

or household is defined as poor. There are different (absolute, relative and subjective) approaches in estimating the poverty line. Poverty can also be measured by the deprivation from accessing basic needs beyond the sole income consideration, usually called multidimensional poverty.

Poverty rate (or poverty headcount index): The proportion of people in a group or a population with income that is less than the poverty line. The measuring of multidimensional poverty considers other factors, such as deprivation from education, health, nutrition and safe environment, in the calculation of the poverty headcount index.

Public social expenditure: Cash and in-kind transfers paid by state or public organizations or agreed upon through collective bargaining on “social” grounds. Cash transfers include old-age, survivors, invalidity pensions, employment injury, maternity, sickness and unemployment cash benefits, while in-kind benefits include health services and basic social services. Tax exemptions for social reasons are usually considered part of social expenditure; however, estimating the amount of tax forgone is difficult.

Public social expenditure ratio: Total social expenditure in a country expressed as a percentage of GDP.

Q

Qualifying period (or waiting period): A period of one or more months following enrolment or unemployment when members are not entitled to receive benefits, whether for themselves or for their dependants. The waiting period is primarily aimed at discouraging opportunistic behaviour in persons who might enrol only in time of need (such as immediately prior to the birth of a baby or planned surgical operation) or to prevent the abuse of the unemployment insurance scheme.

R

Reference earnings: The earnings specified by definition and amount, used in benefit formulae. Reference earnings usually refer to the average earnings over a specified period preceding the payment of the benefit.

Replacement rate: Ratio of the amount of a (average/individual) benefit in period t to the (average/individual) amount of the insurable earnings in the same or any other suitably chosen period. The rate

Risk pooling: The principle according to which the financial consequences of individual risks are not borne by each individual but by an entire group. Risk pooling refers to the sharing of risks, which is the basic premise underlying insurance mechanisms.

Rural employment: Rural employment as a framework concept is generally based on the notion of “location” to delimit urban and rural areas. It can embrace farm and non-farm employment, formal and informal employment, carried out by men, women and children living in areas identified as rural.

S

Severance pay (or termination or dismissal allowance): A payment typically provided as a lump sum to workers who involuntarily or voluntarily separate from their employer. The size of the payment is usually related to the number of years worked with the last employer, and it is linked to the last salary in the job.

Skills mismatch: Refers to various types of imbalances between skills offered and skills needed in the world of work and applies equally to employed and unemployed workers.

Social assistance: The provision of social protection benefits financed by the general revenue of a government rather than by individual contributions, with benefits adjusted to each person’s needs. Many social assistance programmes target individuals and households living under a defined threshold

of income or assets. Social assistance programmes can focus on a specific risk (for example, social assistance benefits for families with children) or on particularly vulnerable groups (for example, poor older people).

Social dialogue: Any type of negotiation, consultation or exchange of information between or among representatives of governments, employers and workers, on issues of common interest relating directly to work and related economic and social policies. The main goal of social dialogue is to promote consensus building and democratic involvement among the main stakeholders in the world of work.

Social insurance: The provision of social security benefits financed by contributions, which are normally shared between employers and workers with, perhaps, government participation in the form of a supplementary contribution or other subsidy from the general revenue.

Social protection or social security: In ILO documents, including Conventions and Recommendations, “Social protection” is considered the same as “social security” and defined as all measures providing benefits, whether in cash or in kind, whether contributory or tax-based, to secure protection, inter alia, from (i) lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age or death of a family member; (ii) lack of access or unaffordable access to health care; (iii) insufficient family support, particularly for children and adult dependants; (iv) general poverty and social exclusion.

Social protection floor: A nationally defined set of basic social security guarantees that secure protection aimed at preventing or alleviating poverty, vulnerability, and social exclusion. SPFs should comprise at a minimum the following nationally defined sets of goods and services or basic social security guarantees:

- access to essential health care, including maternity care, at a nationally defined minimum level that meets the criteria of availability, accessibility, acceptability and quality;
- basic income security for children at a nationally defined minimum level, including access to nutrition, education, care and any other necessary goods and services;
- basic income security at a nationally defined minimum level for persons of active age who are unable to earn sufficient income, in particular in the case of sickness, unemployment, maternity, and disability; and
- basic income security at a nationally defined minimum level for older persons.

T

Take-up ratio: Take-up ratio usually refers to the period of time necessary for a social protection scheme to reach its full legal coverage. Its notion is linked to the effective coverage rate, and it is calculated as the ratio of persons actually receiving benefits to those who are legally entitled to them.

Target population: The population that a scheme plans to cover, including all potential members and their dependants. The target population may be defined on an income or means basis, in particular for schemes targeting poor households. Alternatively, it may be defined on a geographic basis: the inhabitants of certain neighbourhoods or villages, the catchment area of certain health facilities, etc., on a socio-economic or socio-occupational basis, such as the members of a workers’ associations, workers of an economic sector, among others.

U

Underemployment: Employed persons who have not attained their full employment level in the sense of the Employment Policy Convention (No. 122) adopted by the International Labour Conference in 1964. According to this Convention, full employment ensures that (i) there is work for all persons who are willing to work and look for work; (ii) that such work is as productive as possible; and (iii) that they have the freedom to choose the employment and that each worker has all the possibilities to acquire the necessary skills to get the employment that most suits them and to use in this employment such skills and other qualifications that they possess. The situations that do not fulfil the objectives (i) refer

to unemployment, (ii) those that do not satisfy objectives or (iii) refer mainly to underemployment.

Unemployed person: All persons older than a specified age who, during a reference period, were:

- without work or were not in paid employment or self-employment;
- currently available for work or were available for paid employment or self-employment during the reference period; or
- seeking work or had taken specific steps in a specified reference period to seek paid employment or self-employment. The specific steps may include registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land, building, machinery or equipment to establish own enterprise; arranging for financial resources; or applying for permits and licences.

Unemployment insurance: See employment insurance.

Unemployment protection schemes: Consists of measures to ensure income security and enhance the employability of people who are without jobs and/or looking for more decent and productive jobs.

V

Vulnerable employment: The sum of the employment status groups of own-account workers and contributing family workers. Own-account workers are workers who, working on their own account or with one or more partners, hold the type of jobs defined as a self-employment jobs (remuneration is directly dependent upon the profits derived from the goods and services produced) and have not engaged on a continuous basis any employees to work for them during the reference period. Contributing family workers, also known as unpaid family workers, are those workers who are self-employed, as own-account workers in a market-oriented establishment operated by a related person living in the same household.

W

Wages (or earnings): Remuneration in cash and in-kind paid to employees, as a rule at regular intervals, for time worked or work done together with remuneration for time not worked, such as for annual vacation, other paid leave or holidays. Earnings exclude employers' contributions paid to social security and pension schemes and also the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.

Working-age population: The population older than the legal working age – often 15 years, but with variation from country to country, based on national laws and practices. The ILO Worst Forms of Child Labour Convention, 1999 (No. 182) sets the basic minimum age for working at 15.

Y

Youth unemployment: Comprises all persons between the ages of 15 and 24 (may vary from country to country) who, during a reference period, were: (i) without work or had not worked for even one hour in any economic activity (paid employment, self-employment or unpaid work for a family business or farm); (ii) currently available for work; or (iii) actively seeking work or had taken active steps to see work during a specified recent period (usually the past four weeks).

Unemployment protection: A good practices guide and training package

This unemployment protection good practices guide and training package comes at an important time. Social protection and decent work are recognized as cornerstones of the new global development agenda, with a prominent space in the United Nations Sustainable Development Goals. Social protection and unemployment protection are also priorities for the Association of the Southeast Asian Nations; such a commitment is reflected in the 2013 ASEAN Declaration on Strengthening Social Protection.

Since 2011, the ILO Regional Office for Asia and the Pacific, with the support of the ILO/Japan Multi-bilateral Programme and in collaboration with the ASEAN Secretariat, has implemented the project, Promoting and Building Social Protection in ASEAN. This unemployment protection guide is a product of that project. It covers knowledge, expertise and instruments that were developed through technical assistance to ASEAN countries. Learning from concrete country experiences and practices, the package provides guidelines and tools to conduct training sessions and workshops for the design and implementation of unemployment benefits schemes that are linked with employment promotion policies. It also can be used as a toolkit by policy-makers to conduct feasibility studies for the design of unemployment protection schemes for both informal and formal economy workers. Five case studies designed to put into practice knowledge and tools offered in the guide are available in a separate booklet. The guide does not prescribe a standard scheme or method; instead, it highlights the ILO principles and approach that can steer the design, implementation and monitoring of context-specific unemployment protection schemes.

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Programme

ISBN 978-92-2-128432-1 (print)
978-92-2-128433-8 (web pdf)