ILO Social Security Standards

Employment Promotion and Protection against Unemployment

This project is funded by the European Union

International Labour Organization
ILO’s approach and minimum parameters
Protection against Unemployment in ILO Social Security Standards

- **Convention** concerning Employment Promotion and Protection against Unemployment, 1988 (C.168)
- **Convention** concerning Minimum Standards of Social Security, 1952 (C.102) (Part IV – Unemployment Benefit)
- Social protection floor **Recommendation**, 2012 (R.202)
Major ideas around which the Convention No. 168 was built (1988)

- Under discussion since 1972

- Economic growth:
  - best cure against unemployment with a flexible response to change;
  - lead to creation and promotion of all forms of productive and freely chosen employment including small undertakings, cooperatives, self-employment and local initiatives for employment;

- Social security = a means to promote employment and increase capability & employability (concept recalled by the SPF Recommendation)

- Need for active coordination, integration and consolidation of the different means (employment assistance and economic support) serving the goal of employment promotion

- By establishing a “system of protection against unemployment”.
Unemployment protection objectives

1. Provide income security for the laid-off workers and their families

2. Facilitates the responsiveness of the labour market

Maintaining the unemployed and their family in healthy and reasonable living conditions (C.168, art.16)

Promoting active labour market policies for full, productive and fully chosen employment (C.168, art.2&7)
• The Provision of Unemployment Benefits on the basis of
   – Social Insurance or non-contributory schemes, often combined,
   – Periodical payments, and
   – Conditioned to active search of work.

is *optimal* in most cases, for reasons including:
– It is better-suited to ensuring the **rights of workers**: allows for income support even with insolvent employers (vs. severance payment);
– The social insurance mechanism allows for “**pooling**” **risks and costs** (small/big enterprises, declining/raising sectors, rich/poor regions, long-term/short-term contracts, etc…) (vs. individual saving accounts which is not **social** insurance)
Contingency covered

**Convention No. 102** (Art. 20)

**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**

**Convention No. 168** (Art. 10)

**Full unemployment** (loss of earnings due to inability to obtain suitable employment) in the case of a person capable of working, available for work and actually seeking work

- **Partial unemployment** (defined as a temporary reduction in the normal or statutory hours of work) - with or without any break in the employment relationship;

  Part-time workers who are actually seeking full-time work
Persons protected

Convention No. 102 (Art. 21)
- At least 50% of all employees; or
- All residents of small means

Convention No. 168 (Art. 11)
85% of all employees including public employees and apprentices
- All residents

Possible exclusion: public employees whose employment up to normal retiring age is guaranteed by national law or regulations

Recommendation No. 176 (Para. 16)
Endeavour to extend progressively the application of their legislation concerning unemployment benefit to cover all employees
Persons protected in practice

- All employees
  - Exclusions: less than 20 scheduled working hours per week and self-employed workers

- All workers with a few exceptions (persons working less than 60 hours a month)

- Vietnamese citizens with employment contracts of 1 to 3 years or permanent contracts who are employed by private- and public-sector organizations with 10 or more workers
  - Salaried workers

- Salaried workers

- Salaried workers (regardless of nationality), and first-time job seekers (Bahraini citizens only)

- All employees (85% of workforce)

- Voluntary employees, self-employed and graduates (83% covered in 2005)

- Salaried workers

- All regular workers with a few exceptions
<table>
<thead>
<tr>
<th>Country</th>
<th>Coverage Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Yes</td>
</tr>
<tr>
<td>South Korea</td>
<td>No</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Yes for contracted civil servants; No for government officials and civil servants with indefinite contracts</td>
</tr>
<tr>
<td>Argentina</td>
<td>No</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Yes, but not armed forces</td>
</tr>
<tr>
<td>Canada</td>
<td>Yes including armed forces, but not elected officials</td>
</tr>
<tr>
<td>Denmark</td>
<td>Yes including elected officials</td>
</tr>
<tr>
<td>France</td>
<td>Yes, public employers must self-insure or option in</td>
</tr>
<tr>
<td>Thailand</td>
<td>No</td>
</tr>
</tbody>
</table>
Type and rate of benefits

Periodical payments of the amount

In earnings-related schemes: at least 45% of previous earnings (C.102)
At least 50% of previous earnings (C.168)

In means tested schemes:
- prescribed amount which together with other means should not be less than in art. 66 (45% of the wage of the ordinary male labourer) (C102)
- must guarantee healthy and reasonable living conditions (C.168)
Rate in practice

- **Japan**
  - 50% to 80% of the insured’s average daily wage in the previous 6 months, min. of 1,600 yen and max. of 7,505 yen

- **South Korea**
  - 50%, min. is 90% of min. daily benefit (24,800 won) and max. 40,000 won daily benefit

- **Vietnam**
  - 60%

- **Argentina**
  - 50% for the first 4 months, lower afterwards, min. monthly is 250 pesos, max. monthly 400 pesos

- **Bahrain**
  - 60% / flat amount for first-time jobseekers, min. of 150 dinars and max. of 500 dinars

- **Canada**
  - 55%, maximum weekly benefit is C$447

- **Denmark**
  - 90% of average earnings in the previous 12 weeks, up to 3,760 kroner a week

- **France**
  - 75% at low income, grading down to 57% at high income, maximum monthly earning used to calculate benefits are €11,092

- **Thailand**
  - 50%, max. daily benefit is 250 baht
Duration of benefits

Convention No. 102 (Art. 24)

- Benefit paid throughout the contingency
- Possibility of limiting the duration to:
  - 13 weeks within a period of 12 months (if employees protected); or
  - 26 weeks within a period of 12 months (if all residents are protected)

Convention No. 168 (Art. 19)

- Benefit paid throughout the contingency
- Possibility of limiting the initial duration of payment of the benefit to 26 weeks in each spell of unemployment, or to 39 weeks over any period of 24 months
- In the event of unemployment continuing beyond this initial period, the duration of the payment of benefit may be limited to a prescribed period
Duration of benefits in practice

- Japan: 90 days to 330 days, according to the length of coverage, age and reasons for unemployment
- South Korea: 3 to 8 months
- Vietnam: 3 to 12 months
- Argentina: 4 to 12 months (older workers + 6 months)
- Bahrain: 6 months
- Canada: 14 to 45 weeks
- Denmark: 24 months
- France: 4 to 24 months
- Thailand: 6 months (8 months during 2009)
Conditions of benefits

A waiting period of 7 days may be prescribed

A qualifying period may be prescribed to preclude abuse (usually from few months to one year, avoid continuous contributions)

A waiting period of 7 days may be prescribed
<table>
<thead>
<tr>
<th>Country</th>
<th>Waiting Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>7 days</td>
</tr>
<tr>
<td>South Korea</td>
<td>7 days</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Found no job within 15 days</td>
</tr>
<tr>
<td>Argentina</td>
<td>---</td>
</tr>
<tr>
<td>Bahrain</td>
<td>7 days</td>
</tr>
<tr>
<td>Canada</td>
<td>2 weeks + duration of severance pay</td>
</tr>
<tr>
<td>Denmark</td>
<td>3 weeks if self-employed</td>
</tr>
<tr>
<td>France</td>
<td>1 week + duration of severance pay</td>
</tr>
<tr>
<td>Thailand</td>
<td>7 days</td>
</tr>
</tbody>
</table>
Qualifying period in practice

- **Japan**: 12 months of coverage during the last 24 months
- **South Korea**: 180 days of coverage during the last 18 months
- **Vietnam**: 12 months of coverage during the last 24 months
- **Argentina**: 12 months of coverage during the last 36 months
- **Bahrain**: 12 months of coverage or first-time jobseeker
- **Canada**: 420-700 hours (12 to 20 weeks)
- **Denmark**: 12 months of coverage during the last 36 months
- **France**: 4 in last 28 months if younger than 50, or 4 in last 36 months if older
- **Thailand**: 6 months of coverage during the last 15 months
Rules regarding severance pay (Art. 22, C.168; Para. 30, R.171)

Severance pay: contribution compensating loss of earnings suffered in the event of full unemployment—received directly from their employer or from any other source under national laws or regulations or collective agreements:

- **Suspension of unemployment benefits**
- **Reduction of severance pay**
  - an amount corresponding to the value converted into a lump sum of the unemployment benefit
- **envisage making provision for the employers to bear this responsibility in common through the creation of funds financed by employers' contributions**
Link with active labour market policies
Suspension of benefits

Benefit may be refused, withdrawn, suspended or reduced to the extent prescribed if the person concerned:

• has failed without just cause to use the facilities available for placement, vocational guidance, training, retraining or redeployment in suitable work;
<table>
<thead>
<tr>
<th>Country</th>
<th>Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>• YES – Benefit limited to 1 to 3 months</td>
</tr>
<tr>
<td>South Korea</td>
<td>• YES – Only in involuntary situations can receive benefits</td>
</tr>
<tr>
<td>Vietnam</td>
<td>• NO REDUCTION</td>
</tr>
<tr>
<td>Argentina</td>
<td>• YES – Only in involuntary situations can receive benefits</td>
</tr>
<tr>
<td>Bahrain</td>
<td>• YES – Only in involuntary situations can receive benefits</td>
</tr>
<tr>
<td>Canada</td>
<td>• YES – Quits and fired persons are disqualified from benefits</td>
</tr>
<tr>
<td>Denmark</td>
<td>• YES – 5 weeks disqualification</td>
</tr>
<tr>
<td>France</td>
<td>• YES – Only in involuntary situations can receive benefits</td>
</tr>
<tr>
<td>Thailand</td>
<td>• YES – Voluntary quitters only get 30% benefit rate for 3 months</td>
</tr>
</tbody>
</table>
Declare as a priority objective a policy designed to promote full, productive and freely chosen employment by all appropriate means including (Art. 7, C. 168):

- Employment services;
- Vocational training; and
- Vocational guidance.
Thoughts for the way forward
Thoughts on the development of unemployment protection scheme

Variety of approaches may legitimately be taken in assisting the unemployed. (one country- one model)

Social insurance type of schemes is optimal vs. individual saving accounts:

- Guarantee risk pooling and collective financing,
- Proven more effective to cover workers more at risk (short-term jobs, low income), especially in times of economic and job crisis (COVID-19)
- only 2 countries (Chile, Jordan) out of 96

Articulation with the current severance benefits and termination payments.
In order to give non-discretionary payment of benefits:

• Importance of a well developed free public employment service:
  o containing a network of employment offices;
  o having acquired sufficient administrative capacity to collect and analyse information on the employment market, to register job offers and jobseekers and to verify objectively that persons are involuntarily unemployed.

• Need to count on a reasonable level of coverage (globally branch with lowest coverage: 18.6% (ILO, 2021)), and

• extensive experience in the administration of other branches of social security.
Thoughts on the development of unemployment protection scheme

Following an incremental approach as embedded in the NSSS:

- **Progressive establishment of the NSIS**—looking at a system approach rather than branch by branch (that could start immediately with employment injury insurance to build the MIS and the social insurance awareness);

- Start with more organized sectors (registration of employment contracts) **and gradually extend to the entire formal employment**;

- At a later stage, address the unemployment protection of workers in informal employment, mainly through ALMPs combined with social assistance.
THANK YOU

Céline Peyron Bista
Chief Technical Advisor
on Social Protection, ILO

bista@ilo.org