

APPENDIX 14. ECUADOR



March 2022

► A14.1. Executive summary

The EU-funded project "Strengthening the social protection system against unemployment in Ecuador" aimed to improve and strengthen the current unemployment insurance system in Ecuador through the development of a Comprehensive Protection System against unemployment, in this way the country will achieve a more resilient social protection system for the next crises.

The Ecuadorian Unemployment Insurance was created in 2016 and was proposed as a mixed model of protection against income loss that combines contributions to a solitary fund with contributions to individual savings accounts called the Severance Fund. It is administered by the Ecuadorian Social Security Institute.

Unemployment insurance in Ecuador has shown that it is insufficient to mitigate the effects of the COVID-19 pandemic on the loss of employment and income of workers. Although its design is largely in line with the guiding principles of Convention No. 102 of the ILO, its operation shows weaknesses in terms of its design parameters. Among these weaknesses are the 90 days that the worker must wait to receive the benefit, which is opposed to the objective of income insurance. This explains, in part, the underutilization of the use of this protection mechanism from which, before the pandemic began, only a little more than 25,000 workers benefited per year.

With the arrival of the COVID-19 crisis in 2020, the government enacted the Humanitarian Support Law that relaxed the requirements for access to the benefit from 90 to 7 days. This measure allowed an increase in the number of beneficiaries to 57,138 workers that same year. However, the magnitude of the crisis according to the Ecuadorian Institute of Statistics and Censuses as of June 2020 registered more than 1 million people in unemployment. However, the government also adopted another measure that could compromise the extension of coverage and the financial sustainability of unemployment insurance, such as reducing the percentage of mandatory contribution to insurance from 1 to 0.5 per cent. If it is taken into account that the contribution to this solidarity fund was established as 1/3 of the total contribution of 3 per cent to the individual savings account, the reduction decreed from this 1 to 0.5 per cent, that is, to a 1/6 part of this contribution could be interpreted as a position of the government more favourable to the private savings mechanism as a measure of protection against unemployment.

Finally, together with the inadequate design of the parameters of the Ecuadorian unemployment system, it is observed that there is no adequate articulation of this with the active policies of the labour market and of an efficient institutionality for the participation of the social agents in its administration.

The project provided recommendations to strengthen the current system of social protection against unemployment, through recommendations for the improvement of the current design of unemployment insurance in terms of greater coverage and agility in access to benefits and its articulation with active employment policies; It also drew up a proposal for a new institutional design for active employment policies in order to increase the supply of employment programmes and services and thus facilitate the reintegration of workers into employment appropriate to their interests and needs.

In addition, the project achieved its objectives in terms of capacity-building, institutional strengthening, public finance management, coordination between active and passive employment policies, and strengthening tripartite participation through social dialogue.

The main achievements can be summarized in the following points:

- (a)** The project has achieved a tripartite consensus on the development of a roadmap towards the possible ratification of Part IV of the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), and the ILO Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), under the leadership of the Ministry of Labour, thanks to the spaces for dialogue created with the social partners for the debate on the reform of unemployment insurance in Ecuador.
- (b)** The dialogue with the social actors made it possible to identify different scenarios for the reform of the insurance for which the corresponding analyses were carried out on deficiencies of the design and possible alternatives for modifying the parameters such as coverage, adequacy of unemployment benefits, financial sustainability; as well as its articulation with employment promotion policies under a progressive implementation approach towards a universal and integrated system of social protection against unemployment, in coherence with international social security standards.
- (c)** Based on the previous point, the project made an actuarial assessment of both the baseline and the different reform scenarios identified through the national dialogue.
- (d)** The project has developed a proposal for the reinforcement of the Active Labour Market Policies consisting of a new institutional architecture for employment services and programmes under the Ministry of Labour through the adoption of a "Route for Employability", which will benefit not only IESS policyholders but all workers. The proposal promotes institutional coordination between the IESS, the Ministry of Social Security, the Ministry of Economic and Social Inclusion (MIES) and the Ministry of Labour (MDT).
- (e)** Together with the Ministry of Labour (MDT) and the Ministry of Economy and Finance, the project proposed a strategy to expand the fiscal space for social protection to all the unemployed, including through non-contributory programs, articulated to employment policies, active employment.
- (f)** The project has managed to involve the Academy in the dialogue on the reform of unemployment insurance, thus facilitating the opening of lines of research on the subject, contributing to generate new knowledge about the situation of social protection against unemployment in the country.

► A14.2. Budget/Planning information

Sustainable Development Goals:	SDG 1.3, 10	
UNDAF Outcome:	Direct Effect 1 of UNDAF 2019-2022, By 2022, people, especially priority and historically excluded care groups, in the exercise of their rights, increase their access to quality services and social protection and improve their resilience, promoting gender equality and reducing violence	
P&B Outcome:	Outcome 8: Comprehensive and sustainable social protection for all	
DWCP outcome:	ECU103	
Project budget in EUR: 200,000		
Project duration in months: 15	Planned	Actual
Project start date:	November 2020	December 2020
Project end date:	March 2022	March 2022

► A14.3. Summary outputs

A14.3.1. Output delivery¹

Output	Output status	Output summary
Outcome 1: Population has adequate institutions and mechanisms that provide income protection against job loss		
1.1. Improved and new protection mechanism against unemployment for formal and informal workers	Completed	A proposal for a comprehensive system of protection against unemployment for all workers was developed on the basis of Interinstitutional Agreements and dialogue between workers and employers. This system is available to the IESS authorities.
1.2. Improved and new definitions of scope of application, defined benefits (sufficient) and eligibility conditions	Completed	The project prepared a technical report proposing adjustments of the scope of application, benefit level and qualifying conditions in view of strengthening the unemployment protection scheme based on ILO international labour standards and in consultation with workers', employers', and government's organizations.

¹ Based on the Implementation Plan.

Output	Output status	Output summary
1.3. Sustainable financing of defined monetary benefits	Completed	The project conducted an actuarial valuation of the baseline situation and the different scenarios. The results present options for a sustainable financing of the benefits of the proposed comprehensive unemployment protection scheme.
Outcome 2: Population has access to mechanisms that promote quick and better reintegration into the labour market that guarantees quality employment and fosters better coordination between contributory and non-contributory schemes		
2.1. Active and passive policies formally linked	Completed	Inter-institutional Agreements are established between the IESS and the Ministry of Labour, thus creating a "Route for Employability" which promotes the link between active and passive labour market policies based on the participation of workers and employers.
Outcome 3: Social actors are part of the strategy generation, and their needs and demands are considered		
3.1. The participation of social actors is institutionalised	Completed	The participation of social actors in the debate around unemployment protection issues is strengthened. It allowed for their needs and demands to be taken into consideration in the strengthening of the protection mechanism against unemployment in Ecuador.

A14.3.2. Outputs: Overall delivery assessment²

<input checked="" type="checkbox"/>	Highly satisfactory Implementation of almost all (>80%) outputs is on schedule as envisaged in the implementation plan and almost all (>80%) indicator milestones have been met.	<input type="checkbox"/>	Satisfactory Implementation of the majority (60–80%) of outputs is on schedule as envisaged in the implementation plan and the majority (60–80%) of indicator milestones have been met.
<input type="checkbox"/>	Unsatisfactory Some (40–60%) outputs are being implemented on schedule as envisaged in the implementation plan and/or only some (40–60%) indicator milestones have been met.	<input type="checkbox"/>	Very unsatisfactory Few (<40%) outputs are being implemented on schedule as envisaged in the implementation plan and/or only a few (<40%) indicator milestones have been met.

² This is a self-assessment.

► A14.4. Summary outcomes

A14.4.1. Outcome achievement³

Indicator	Baseline (before project start)	Target (end-of-project goal)	Outcome summary ⁴
Outcome 1: The population has adequate institutions and mechanisms that provide income protection from job loss			
Approved regulations, Ministerial Agreements, and inter-institutional agreements for the approval of the comprehensive unemployment protection mechanism for the entire population	It offers a mechanism of protection against unemployment for formal workers, with limitations on access, coverage, and financing	There is an interinstitutional agreement for the approval of a new comprehensive unemployment protection mechanism for the dependent population	<p>IESS has a proposal to improve unemployment insurance that meets specific needs in relation to the waiting period to request and receive the benefit, the amount and time for the duration of the benefit and its link with labour market integration and training policies. This Technical Assistance process was based on a diagnosis of the current situation and in accordance with the International Labour Standards, as well as a solid dialogue with workers' and employers' organizations and the government. This mechanism will enter into force once the corresponding legal reform is carried out. The current administration of the IESS through the National Directorate of Unemployment Insurance has committed to submit the proposal for reforms to the IESS Board of Directors.</p> <p>On the other hand, the Ministry of Labour, based on the technical inputs developed by the project, has initiated the process for the possible ratification of Convention No. 102, Part IV, and Convention No. 168, which will provide the normative and legal support in the field of unemployment and employment promotion. This will offer to Ecuador international standards reference and a mechanism for their application and observance of compliance in the future.</p>

³ Based on the M&E plan.

⁴ Compare achievement against planned target as per indicator.

Indicator	Baseline (before project start)	Target (end-of-project goal)	Outcome summary ⁴
Issuance of standards, Ministerial Agreements and Interinstitutional Agreements regulating replacement rates, requirements, and conditions of access to the unemployment protection mechanism benefits for the entire employed population	There is no comprehensive unemployment protection mechanism for the general population in line with International Labour Standards, ILO Conventions	Proposal to improve the Unemployment Insurance of the IESS for Unemployment considering the guidelines of ILO Conventions Nos 102 and 168	The proposal to improve unemployment insurance in terms of coverage, type, adequacy, and duration of benefits is the result of a process of technical inputs and continuous consultation carried out under the leadership of IESS and its directorates of Unemployment and Actuarial Insurance, Research and Statistics, with the Ministry of Labour, workers', and employers' organizations, supported by the project.
Sustainable financing of the monetary benefits defined Sustainable financing scheme that allows to finance the benefits before the different protected events, over time	There is no comprehensive unemployment protection mechanism for the entire population that includes a sustainable financial system	Actuarial valuation study supporting the financial sustainability of IESS's unemployment social insurance proposal Study of financing for independent workers not contributing to social security	<p>The actuarial valuation study using the ILO model concluded that the contribution rate of 0.5 per cent is sufficient to finance current benefits given the low effective coverage of the scheme (those receiving benefits) in force due to both the restrictive qualifying conditions and the low level of benefit compared to the insured income. It is important to note that at the beginning of the projection period there were already significant reserves of around \$970 million that accumulated as a result of a contribution rate of twice the current rate (1%) and effective coverage very low since the inception of the insurance.</p> <p>Therefore, although the contribution rate would appear to be sufficient, it is necessary to propose that the design of the benefit scheme comply with the recommendations of Convention Nos 102 and 168 and Recommendation No. 202, i.e., revisiting the qualifying condition, the waiting period and level of benefit.</p> <p>The project also carried out financing simulations of non-contributory programmes for self-employed workers, which received inputs from the Ministry of Economic and Social Inclusion and the Ministry of Economy and Finance.</p>

Indicator	Baseline (before project start)	Target (end-of-project goal)	Outcome summary ⁴
Result 2: The population has mechanisms that promote a rapid and better reintegration into the labour market that guarantees quality employment and promotes better coordination between contributory and non-contributory systems			
Issuance of regulations, Ministerial Agreements and interinstitutional agreements that allow linking active and passive employment policies	There is no relationship between passive and active employment policies	New institutional scheme Route for employability for the provision of services for job search, training, and training through the articulation of employment services and programs with unemployment insurance	The project developed a "Route for Employability" which is a model of response and integration of income support and employment services, for people in situations of unemployment, underemployment, or informality, as part of a comprehensive mechanism of protection against unemployment in Ecuador. To this end, a brief analysis of potential job seekers such as beneficiaries of the unemployment insurance scheme and other interest groups was carried out. The "Route for Employability" also describes the main employment services offered by various instances of the public sector, and some instances of the private sector, to have a general idea of the type of offers and their possibilities of integration.
Result 3: Social actors are part of the generation of the strategy and their needs and demands are considered			
Instance of consultative participation of social actors	There is no instance of participation of social actors in the generation of this type of strategies, where their needs and demands are considered	Creation of spaces for social dialogue with actors in the labour market that allowed consultation and proposal of strategies to improve unemployment insurance	The project facilitated improvements in the processes of consultation and coordinated work with the social partners, which allowed to gather important inputs to finalize the proposal for strengthening the protection system against unemployment.

A14.4.2. Achievement of the project outcomes

<input checked="" type="checkbox"/>	Highly probable Almost all (>80%) reporting period milestones have been met. Based on the indicators and risk assessment, it is highly probable all outcomes will be achieved by the end of the project.	<input type="checkbox"/>	Probable The majority (60–80%) of reporting period milestones have been met. Based on the indicators and risk assessment, it is probable the majority of outcomes will be achieved.
<input type="checkbox"/>	Low probability Some (40–60%) reporting period milestones have been met. Progress is being made on the outcomes but based on the indicators and risk assessment only some outcomes will be achieved.	<input type="checkbox"/>	Improbable Few (<40%) reporting period milestones have been met. Limited progress is being made on the outcomes and based on the indicators and risk assessment only a few outcomes will be achieved.

► A14.5. Narrative report: Managing for results

The management and implementation of the results of the project were developed on the basis of two key pillars: **(a) a permanent coordination team** (IESS, Ministry of Labour, Ministry of Economy and Finance, Ministry of Economic and Social Inclusion) **and (b) the elaboration of technical inputs for decision-making.**

The institutionalization of a permanent coordination team with key stakeholders of the project was established as a key steering and monitoring mechanism for the project's implementation that allowed to achieve the results and objectives. The members of this team were key for the realization and institutionalization of the results, as well as the development and approval of resolutions or ministerial agreements. The permanent coordination team developed a roadmap to achieve the expected results, reviewed and provided technical inputs to the different outputs, which resulted in strong ownership of the proposals for improvement of the unemployment insurance. Likewise, the coordination team has been key to the dialogue process, and the linking of income support benefits and employment promotion services, such as job placement and training, thus leading to an improved and inclusive comprehensive system of protection against unemployment for the country.

A14.5.1. Result summary

Outcome 1: Population has adequate institutions and mechanisms that provide income protection against job loss

Ecuador has a proposal that seeks to institutionalize a comprehensive system against unemployment. This proposal is technically viable and financially sustainable and aligned with the international social security standards. In addition, following this proposal and following the intervention of the project and the coordination carried out with the main actors in the world of work, the Ministry of Labour has begun analytical work and the process towards the possible ratification of Part IV of Convention No. 102 and/or ILO Convention No. 168.

Output 1.1: Protection mechanism against unemployment for formal and informal workers

The project supported the preparation of a complete diagnosis that led to a proposal for improvement of the unemployment insurance system based on evidence and international labour standards. The diagnosis allowed to highlight the following challenges and gaps that call for a reform of the Unemployment Insurance scheme:

- (a) Effective coverage is limited;
- (b) The required contributions leave out a significant percentage of unemployed persons;
- (c) The waiting time to obtain the benefit is excessive and there are exclusive requirements;
- (d) It is agreed with the participating institutions of the project to build a proposal for a base and alternative scenario for the improvement of unemployment insurance in Ecuador through a process of information exchange;
- (e) The Ministry of Labour requests AT to the ILO to initiate the ratification of Conventions Nos 102, Part IV, and 168.

Output 1.2: Definition of scope of application, defined benefits (sufficient) and eligibility conditions

The project provided several technical inputs for decision-making on the strategy and new parameters.

According to the work carried out by the project, it is feasible to advance in improving the quality or sufficiency of economic benefits for unemployment in order to mitigate the impact on income resulting from the contingency of unemployment in members.

The financial analysis carried out identifies the reserve of the unemployment insurance fund, showing ratios of income versus low expenditures, which have resulted in the consolidation of substantial reserves.

The Project had been modelling the following scenarios for the unemployment insurance scheme:

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Waiting period	7 days	7 days	7 days	7 days
Benefit duration	5 months	5 months	5 months	5 months
Replacement rate	100% Minimum Wage	50% Average earnings over the 12 months prior (AME)	50% AME	Month 1: 70% AME Month 2: 65% AME Month 3: 60% AME Month 4: 55% AME Month 5: 50% AME (Percentages of the current scheme benefit = fixed+variable)
Contribution requirement for benefit eligibility	12 months and 3 last months consecutives	6 months in the last 12-month period	12 months and 3 last months consecutives	12 months in the last 24 month period

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Causes of termination of contracts	All causes, except to quit the job	All causes, except to quit the job	All causes	All causes, except to quit the job

Output 1.3: *Sustainable financing of defined monetary benefits*

The actuarial valuation used a comprehensive methodology developed in the Actuarial Services Unit of the ILO's Social Protection Department to review the financial situation of unemployment insurance schemes.

- (a) The purpose of the UI model is twofold. First, it is used to assess the financial viability of the scheme during the projection period. This refers to the balance between the income and expenditure of the scheme. In case of imbalance, it is recommended to carry out a review of the type of contribution or the structure of benefits. Second, the model can be used to examine the financial impact of different reform options, thus helping policymakers design provisions on benefits and financing. More specifically, the model was used to produce projections of the income and expenditure of the regime, and allowed for:
- Evaluating options to constitute a contingency or technical reserve;
 - Proposing contribution rates consistent with the financing objective; and
 - Checking how the system reacts to the evolution of economic and demographic conditions.

The findings and recommendations of the actuarial study were consulted with the IESS and will be discussed in a tripartite workshop.

Outcome 2: Population has mechanisms that promote rapid and better reintegration into the labour market that guarantees quality employment and fosters better coordination between contributory and non-contributory schemes

The COVID-19 socio-economic crisis which led to 1.009.583 jobs lost (September 2020) highlighted the need for strengthening the services and programmes to support job seekers and the link with the unemployment insurance benefits.

The project developed a roadmap that promotes the institutionalization of an integrated system of protection against unemployment based on income support benefits in case of unemployment and access to active labour market policies. This integrated system will facilitate labour reintegration within the framework of a "Route for employability" route, ensuring that unemployment insurance beneficiaries and other groups can reintegrate to the labour market in a better way.

2.1. All protected workers have access to job training programme and employment services and policies, considering gender gaps:

- (a) A model of response and integration of employment services was built, under the scheme of an employability route for people in situations of unemployment, underemployment, or informality, as part of a comprehensive mechanism of protection against unemployment in Ecuador. To this end, a brief analysis of the context on employment and the implications that these may have when designing a mechanism that seeks to improve employment services was carried out. Likewise, the main employment services offered by various

instances of the public sector and some experiences of the private sector were reviewed, in order to have a general idea of the type of offers and their possibilities of integration.

- (b) A definition of what such a route means was developed, as well as some cross-cutting principles and approaches that will define its orientation.
- (c) Taking into account the current and potential conditions of the Ecuadorian labour market, some considerations were given to improve the main employment services, such as training, certification of skills, management of labour supply and demand, referral, and information on services. Additionally, progress was made with a proposal for the articulation of employment services (institutional architecture) and, finally, some conclusions and recommendations for their integration were delivered.

Outcome 3: Social actors are part of the generation of the strategy and their needs and demands are considered

The project has contributed to strengthening the institutional capacity of the Ecuadorian state to implement and adopt improvements in terms of protection of rights in case of unemployment, under the principles of social protection and International Labour Standards. The project also brought forward recommendations for the improvement of the promotion of employment, which will allow mitigating the impacts of future crises on the well-being of workers-. Such improvements will also result in more efficient and sustainable public finances. Thus, Ecuador has a proposal to improve unemployment insurance that takes into account the demands and needs of social partners and strengthens their participation through more effective social dialogue. Ecuador also has a political decision to move forward with the process of possible ratification of ILO Conventions Nos 102, Part IV, and 168.

3.1. An instance of constructive participation of social partners is strengthened:

- (a) It was possible to promote and facilitate a process of consultation and dialogue for the collection of inputs and the collective construction of general lines of proposal around social protection against unemployment, with representatives of the world of work and civil society, through several meetings and periodic workshops. This process contributed to developing a proposal to improve the current protection mechanism against unemployment and to create additional mechanisms and tools to protect workers against the loss of income.
- (b) In addition, recommendations were made to strengthen existing social dialogue spaces, which promote the participation of different actors from civil society and the world of work with the aim of identifying problems and needs for improvement of social protection mechanisms in case of unemployment, provided by IESS and the Ministry of Labour, but not limited to this.
- (c) Through the technical support and dialogue activities supported by the project, the social partners have achieved a better understanding of the common interests for the strengthening of the social security policy in case of unemployment, through a comprehensive protection mechanism that pursues the objective of improving the living conditions of the working population of Ecuador. However, there is a need to continue improving awareness raising activities and knowledge of unemployment protection to identify together with the social partners specific reforms. On the basis of the above, the

Ministry of Labour initiated the process towards the possible ratification of Convention No. 102, Part IV, or Convention No. 168.

The ILO through this project has contributed to Ecuador's efforts to move towards the achievement of the objectives of the National Development Plan 2021–2025:

- Objective 1 of the economic axis, promotion of employment
- Objective 5 of the social axis. Poverty reduction and social inclusion

ILO technical assistance with this project has contributed to UNDAF Direct Effect 1 2019-2022, *by 2022, people, especially priority and historically excluded care groups, exercising their rights, increase their access to quality services and social protection and improve their resilience, promoting gender equality and reducing violence.*

To strengthen advocacy levels and scale up the results outlined here, the ILO has included the project and its results in the joint work plans with OCR and in its role as the lead agency of the Social Protection group.

► Self-evaluation results

Relevance

The project has been relevant and pertinent because it has allowed to build a technical and financial proposal for the improvement of unemployment insurance in Ecuador, that constitutes the foundation for a comprehensive system of protection against unemployment. The different gaps and challenges identified in the diagnosis, such as the low effective coverage produced by the restrictive access requirements, waiting period and little information and dissemination among workers about this benefit, have resulted in a large reserve in the unemployment insurance fund. Without such reform, the country runs the risk of having the unemployment insurance reserves used for other branches of IESS instead of improving protection of workers in case of unemployment. The project provided technical and financial inputs needed by the institutions participating in this project to be able to take informed decisions, carry out advocacy and adjust the scheme parameters to the current economic situation in Ecuador and the context of the crisis due to the COVID-19 pandemic.

Effectiveness

The products strengthened capacities of the IESS, Ministry of Labour, workers, and employers' organisations and provided, technical and financial tools to enhance institutional management to build a Comprehensive Social Protection System in case of unemployment.

Ecuador has expressed its commitment to initiate the process towards the possible ratification of Conventions Nos 102, Part IV, and 168.

Sustainability

The project's sustainability is ensured through three key results: the first is that the IESS has a diagnosis and technical inputs that allow understanding the gaps and challenges towards the construction of a comprehensive system of protection against unemployment; second the IESS has an actuarial valuation that allows to have analysis of technical and financial scenarios that serve to promote a reform of unemployment insurance that articulated the income support benefit with employment policies; and third the government initiated the process towards the possible ratification of the ILO Conventions. With such ratification, Ecuador will have a legal framework to continue aligning its social protection system with the international labour standards.

A14.5.2. Monitoring, evaluations, and other reviews including with implementing partners and EU Delegations

The process used for information collection was:

1. Collection of normative information, local experiences, studies, and research carried out.
2. Request for information from primary sources of official data through the National Institute of Statistics and Censuses, household survey and employment survey, IESS through its data of affiliates, contributors, beneficiaries of unemployment insurance and financial information of unemployment insurance among others, Ministry of Labour, data from administrative records of the public employment service, this information contained the gender approach to be able to know how the data is evidenced by sex.
3. Workshops with academia and workers' and employers' organizations.
4. It was used to share information digitally creating information repositories with the different actors for exchange and comments of information and product progress, however, part of the information with IESS had to be required for multiple occasions generating delays.

At least two meetings per month were held with the actors, where the milestones and outputs established in the project were clearly explained to the stakeholders, and together the necessary inputs were identified to make a first assessment of the challenges of the implementation process. Therefore, the main actors have provided information on the performance of the current unemployment protection mechanism, including the main results, the current legal framework and the analysis carried out in their institutions regarding the challenges implied by the current economic crisis; this topic was also discussed during the working sessions.

A coordination mechanism and 3 sub-working groups were established, which had workshops and detailed discussions on, first, current protection mechanisms and their improvement; secondly, the links between active and passive employment policies and the national employment strategy; and, finally, discussions on the link with the public finance framework. The inputs developed by these subgroups will finally be discussed and approved in the coordination mechanism so that each institution can continue with the work of institutionalizing each decision.

Constituents played a key role in the discussion processes to put their proposals on the table.

In line with what was stated in the previous point, the European Union was also a very important actor in the development of the activities, the EU was consulted during the design of the project and during the intermediate advances where 2 meetings were developed, through these actions, relations with the delegation in Ecuador were strengthened, however the Head of cooperation was changed in mid-2021 and the EU cooperation framework in Ecuador was still under development, so possible new synergies were delayed. Also, from the project and the Andean Office of the ILO, meetings have been held in order to find new synergies in the future in accordance with the new cooperation framework in Ecuador launched in February 2022.

A14.5.3. Main challenges, risks, and corrective action

Challenges: that progress be made with each one of the recommendations when the political and technical decision does not depend on a single institution but on several depending on the co-

responsibilities that must necessarily be observed to shape a comprehensive system of protection against unemployment.

Risks, several, the political agenda of the government, labour reform, tax reform, social security reform. Another important risk is that being a surplus fund, it is decided to change the % of contribution in reduction and use it to cover deficits of other social security funds, as already happened with the unemployment insurance itself.

A14.5.4. Opportunities and corresponding strategy adjustments

The leadership of the ILO in the development of the project has allowed to influence with key actors in the construction of a social protection system in Ecuador, this has allowed to generate synergies with other important projects that have the objective of technically assisting the IESS and that, in the specific issue of social protection against unemployment, therefore, this gives the opening for the ILO to advise and participate in additional spaces for initiatives to improve social protection mechanisms with specific ministries or with the IESS.

Another important opportunity is the opening for change and the implementation of new and better social protection mechanisms that the current authorities have. For example, the Ministry of Labour has included as participants delegates from the public employment exchange, the public job training service, among others and has participated in several ILO projects in Ecuador.

During the project, there were no changes in the logical framework or in the products or results established, but there were adjustments of the strategy of approach to actors, coordination methodology that contributed to work in a better and more coordinated way to successfully achieve the milestones and goals.

A14.5.5. Contribution of the Project to the COVID-19 response and recovery

Among the main measures taken by the government to alleviate the negative effects derived from the COVID-19 pandemic, was to promote, within the "Humanitarian Support Law", a reform to make certain unemployment insurance requirements more flexible, which temporarily allowed to increase the number of people covered by the benefit, thus expanding the social protection mechanisms that had been implemented at the beginning of the pandemic. The main change was to reduce the waiting time in unemployment to be able to request the benefit from 60 to 7 days. This Law was approved in June 2020, after the adoption of the main containment measures, such as complementary measures of support and social protection for people affected by the crisis. Considering that the Law was promoted by the Ministry of Economy and Finance, and supported by the Ministry of Labour and the Ecuadorian Institute of Social Security, it is considered that the project was developed in a context under which there was an opening to discuss with them about the synergies and challenges on employment protection measures and public financial management that could lead to effective policy decisions to improve the current mechanism and/or assess an expansion of coverage for other groups. It was in this line that for the elaboration of the bill several discussions were held between the authorities of the social and fiscal sectors to find mechanisms that cover vulnerable people who had lost their source of income, and ways to finance any extension of unemployment insurance coverage. These were even discussed with some multilateral organizations that financed many of the response strategies in social matters, and gave the government important guidelines in this matter, in light

of the type of workers who could access the benefit, and against an economy with 55% informality in its labour market.

This reform allowed Unemployment Insurance to cover, by September 2020, approximately 150% more than in the same period of 2019. Thus, becoming an important mechanism to sustain the income of unemployed people.

In this line, the discussion on the initial diagnosis of unemployment insurance, and the activities proposed by the project, contributed greatly to the process of construction and debate on the matter.

On the other hand, the first results of the unemployment insurance diagnosis contributed to the development of the PDNA (Post Disaster Needs Assessment 2020), a chapter on employment and livelihoods carried out by the ILO for Ecuador in coordination with the RCO and UNDP.

Likewise, since 2020, the United Nations System has supported the National Government with the development of a comprehensive social protection strategy that supports Ecuador in the recovery from the crisis caused by COVID-19. This support has been provided within the framework of the Inter-Agency Group on Social Protection, of which the ILO co-chairs it with UNDP and in which at least 9 agencies of the system participate. The social protection strategy in response to Covid-19 was led, on the side of the National Government, by the social cabinet. The strategy aimed to expand the coverage of social protection to the most vulnerable population affected by the pandemic, in which some lines of action were identified, among which is to guarantee access to health and care services for children and adolescents, as well as to promote the economic and labour inclusion of working-age population in which one of the key elements is the strengthening of active labour market policies and their improvement in articulation with passive policies such as unemployment insurance benefits. In fact, after the development of the strategy, the Ministry of Labour, for example, implemented actions to promote access to training and improvements in the public employment service, based on good regional practices.

A14.5.6. Specific interventions related to public finance management

During the process of developing the project document, national actors identified the generation of sustainable financing options in the design of scenarios to expand Unemployment Insurance Coverage as one of the main elements for this project. As a result, in addition to contributing to strengthening the financial sustainability of the IESS, the project developed a financing proposal for self-employed workers who do not contribute to social security.

To strengthen the government's capacity to use the ILO unemployment actuarial model for these purposes, the project conducted intensive training for officials in the ministries of labour and finance to enable them to propose contribution rates consistent with the financing target.

Also, as part of ILO's efforts to promote the tools of our Quantitative Platform on Social Security (QPSS) with our constituents, the project invited all workgroup members to two introductory courses, one on the ILO/PENSIONS model and one on the ILO/HEALTH model. Both training activities were mainly addressed to social security institutions; they were free of cost and were held during August (pensions) and September (health).

During the implementation process, the Ministry of Economy and Finance has been included in the coordination committee, in its role as main implementer. The Ministry has actively participated

in meetings held so far, being aware of the project and the need to incorporate a sense of sustainable financing from the beginning of the project.

It is important to notice that the project has completed the technical proposal for a comprehensive protection mechanism for non-social security contributors' workers tailored to the needs of this group, particularly in the current economic context of a global health pandemic. Together with the Ministry of Labour (MDT) and the Ministry of Economy and Finance, the project proposed a strategy to expand the fiscal space for social protection to all those unemployed, including through non-contributory programmes, coordinated with employment policies and active labour market programmes. The technical proposal promotes the establishment of a comprehensive scheme of protection against unemployment, making use of services and instruments available in the Ministry of Economy and Finance, such as the Social Registry. The technical proposal includes parameters such as the scope of application, the level of benefits and qualifying conditions for accessing unemployment benefits, while the worker navigates the employability route and receive support for employment and skills development. The proposal concludes with an impact assessment and recommendations for the implementation of the proposed comprehensive mechanism.

A14.5.7. Complementarity with the EU Delegation's interventions and on-going and future Budget Support Programmes

The European Union was also a very important actor in the development of the activities. The EU was consulted during the design of the project and during the implementation through regular meetings. The project contributed to strengthen the relations with the EU Delegation., however, the head of cooperation was changed in mid-2021 and the EU cooperation framework in Ecuador was still under development, so possible new synergies were delayed. Also, from the project and the Andean Office of the ILO, meetings have been held to find new synergies in the future in accordance with the new cooperation framework in Ecuador launched in February 2022.

In the recently adopted EU Multi-annual indicative Programme, a particular importance will be given to improve governance of the public institutions, including social protection institutions. The present project contributes to the achievement of this result under Priority Area 3.

A14.5.8. Synergies with other social protection interventions and strategic partnerships with other development partners

One of the main components of the Project sought the combination of economic benefits for unemployment with active labour market policies; economic benefits for unemployment with vocational training, certification of skills and guidance, seeking and more specifically, to strengthen the current structure of unemployment insurance in the country with other lines of policy of social protection and employment.

The government of Ecuador has a limited policy of non-contributory social protection leveraged in cash transfers to the most vulnerable people, most of whom are poor and extremely poor, a strategy that the government has been making efforts to reinforce, even before the crisis derived from the COVID pandemic arises. Then, when the crisis hit, the government increased the beneficiary base, created 3 additional and temporary cash transfers, and financed it through external public debt via multilaterals.

The project sought to work with this context, and I participated in several discussions on cash transfers to cover vulnerable people who lost a source of income and who can be covered by an alternative contributory scheme, which can be supported by the government.

Likewise, since 2020, the United Nations System has supported the Government with the development of a comprehensive social protection strategy that supports Ecuador in the recovery from the crisis caused by COVID-19. This support has been provided within the framework of the Inter-Agency Group on Social Protection, of which the ILO co-chairs it with UNDP and in which at least 9 agencies of the system participate. The social protection strategy in response to Covid-19 was led, on the side of the National Government, by the social cabinet. The strategy aimed to expand the coverage of social protection to the most vulnerable population affected by the pandemic, in which some lines of action were identified, among which is to guarantee access to health and care services for children and adolescents, as well as to promote the economic and labour inclusion of people of active age in which one of the key elements is the strengthening of active labour market policies and their improvement in articulation with passive policies such as unemployment insurance benefits. In fact, after the development of the strategy, the Ministry of Labour, for example, implemented actions to promote access to training and improvements in the public employment service, based on good regional practices.

A14.5.9. Overall budget analysis

The adjustments evidenced in the execution of the project were developed on the basis of the change in the work schedule, were not significant and did not imply major budgetary modifications.

► **Self-evaluation results** (mandatory section for projects up to USD 500,000 in lieu of a separate evaluation report)

Efficiency

The management of resources can be valued with a high level of efficiency. The administrative and financial support provided allowed an orderly, transparent, and traceable execution. Also, when considering the criterion of complementarity with other resources and social protection projects in Ecuador and project leveraged resources. The delivery has been according to the times and amounts established fulfilling the results and products.

A14.5.10. Lessons learned and good practices

See Annex 4.

A14.5.11. Visibility & Communication

The project's visibility strategy has focused on communicating around its main result, which is the proposal to improve the Comprehensive Unemployment Protection System, and its positive repercussions on the increase in social protection in Ecuador and its effects on mitigating the impact of future crises such as that generated by COVID-19 on workers. The EU support was acknowledged in all actions as a partner of the ILO for this project, emphasizing the cooperation between the two institutions including in situations of social, economic and health emergency such as that experienced in Ecuador.

The following table summarizes the strategies, actions and communication products used in the arrival to the different stakeholders of the project.

Publications Technical Notes

Technical note "Building a comprehensive protection system against unemployment in Ecuador" includes 5 volumes:

- *Volume 1*: Analysis of the situation of unemployment insurance in Ecuador, its structure, and main points of improvement.
- *Volume 2*: Characterization of unemployed persons, beneficiaries of Unemployment Insurance and employment policy responses.
- *Shot 3*: Proposal for a model of integration of employment promotion services - Employability route.
- *Volume 4*: Exchanges and consultations with actors in the world of work on unemployment insurance reforms.
- *Actuarial Report*:
 - 6 infographics on unemployment insurance;
 - 2 videos about unemployment insurance.

Events

- Social dialogue with the academy.
- Social dialogue with workers' and employers' organizations.
- Webinar "Challenges for the implementation of a comprehensive protection system against unemployment: coverage of vulnerable workers" Ecuador-Peru
- Webinar "Strengthening the social protection system against unemployment in Ecuador" Reform scenarios.

A14.5.12. Conclusions and Recommendations

Conclusions and recommendations from the self-evaluation	
Conclusions ⁵	<ol style="list-style-type: none"> 1. Ecuador has a proposal for the reform of unemployment insurance towards the construction of a Comprehensive System of Protection against unemployment, which is technically viable and financially sustainable. 2. The Ministry of Labour, based on the technical inputs developed by the project, has initiated for the process towards the possible ratification of Conventions Nos 102, Part IV, and 168, which will provide a normative and legal framework in the field of unemployment and employment promotion. This will offer to Ecuador international standards reference and a mechanism for their application and observance of compliance in the future. 3. The government has the capacity and knowledge to propose adjustments of the unemployment protection mechanism. 4. Tripartite constituents and other actors of the civil society have mechanisms and fora for dialogue to review and propose adjustments to the unemployment insurance mechanism in force in Ecuador.

⁵ Conclusions should synthesize the main findings into statements of merit and worth. As such, judgments need to be fair, impartial, and consistent with the findings.

Conclusions and recommendations from the self-evaluation		
Recommendations	1. Advocacy and advocacy to continue the process of ratification of Conventions Nos 102, Part IV, and 168	Responsible entity: Ministry of Labour, National Assembly
		Priority (<i>high, medium, low</i>): High
		Resources (<i>high, medium, low, NA</i>): High
		Timeframe (<i>long-, medium, short-term</i>): Medium-term
	2. Advocacy and advocacy to achieve legal reform and the entry and validity of the Unemployment Insurance proposal	Responsible entity: IESS
		Priority (<i>high, medium, low</i>): High
		Resources (<i>high, medium, low, NA</i>):
		Timeframe (<i>long-, medium, short-term</i>): Medium-term

► Annex A14.A1. Project risk register⁶

Risk Identified	Mitigating Measures	Additional risk response ⁷	Change ⁸	Impact ⁹
Unemployment insurance reform falls outside the social security reforms in the current government	Develop advocacy with ILO support by presenting all technical and financial inputs for the reform, which is technically and financially sustainable	Social actors and workers' organizations support the proposal to improve unemployment insurance	Decrease in the total level of risk	The proposal receives high levels of acceptance by the IESS Management Council, the National Assembly, workers', and employers' organizations
The ratification procedure for Conventions Nos 102, Part IV, and 168 is not continuing due to lack of technical assistance	ILO has responded positively to continue to provide technical assistance to the government	Advocacy and advocacy are developed in the National Assembly to ratify the agreements	Decrease in the total level of risk	The Conventions comply with the process for their ratification

⁶ Use the existing project risk register for filling in this table.

⁷ Outline any additional mitigating measures or any change in the planned mitigating strategy and provide a rationale.

⁸ The change column summarizes any change in the identified risk as a result of the corrective/mitigating measures.

⁹ Outline the impact on project objectives once the mitigating measures were put in place.

► Annex A14.A2. Knowledge products of the project

List of knowledge products, technical reports and studies produced by the project. All documents listed here will be attached to the progress report and should be uploaded to the website <http://www.socialprotection-pfm.org/> and the ILO social protection country page.

Title of the product or report	Type of product (working paper, brief, technical report, video, capacity building content, etc.)	Published/not published
Social protection mechanisms: dialogue with academia (contributions from academia and social dialogue process)	Building content	Not published
Perspectives and challenges of unemployment protection – Céline Peyron Bista ILO	Presentation	Not published
The role of unemployment insurance in the face of the pandemic – Mariano Brener ISSA	Presentation	Not published
Ibero-American social protección models – María José Tarrera OISS	Presentation	Not published
PucE academy contributions protection mechanisms against unemployment – Andrés Mideros	Building content	Not published
Contributions UTI academy social protection mechanisms against unemployment – Hugo Villacrés	Building content	Not published
Contribution's academy UCE mechanisms of protection against unemployment – Nancy Medina	Building content	Not published
Technical note "Building a comprehensive protection system against unemployment in Ecuador" includes 5 volumes: <ul style="list-style-type: none"> • <i>Volume 1</i>: Analysis of the situation of unemployment insurance in Ecuador, its structure, and main points of improvement. • <i>Volume 2</i>: Characterization of unemployed persons, beneficiaries of Unemployment Insurance and employment policy responses. • <i>Shot 3</i>: Proposal for a model of integration of employment promotion services - Employability route. • <i>Volume 4</i>: Exchanges and consultations with actors in the world of work on unemployment insurance reforms. • <i>Actuarial Report</i> 	Technical report	Published
6 infographics	Building content	Not published
2 videos	Building content	Published

► Annex A14.A3. Communication and visibility

The communication actions have been oriented to position the proposal to implement a Comprehensive System of Protection against Unemployment. The communication strategy considered three levels of audience with their respective activities aimed at boosting their participation in the project, reaching acceptable levels of ownership. The communication processes, activities and products included the gender approach and its correspondence with the cultural identity of the country.

In the main audio-visual products of the project such as the explanatory videos, the protagonists are potential users of unemployment insurance, reflecting in this way how they have been affected by the COVID-19 pandemic and its reality in the labour market. In all products, in publications and more specifically in audio-visual materials, technical collaboration between the EU and the ILO has been made visible to achieve the results of the project.

The following table summarizes the strategies, actions and communication products used in the arrival to the different stakeholders of the project:

Target group	Strategy	Actions developed	Communication strategy
Officials of the IESS, MDT, Ministry of Finance, MIES	Generate a process of collective construction for the results of the project at a technical level, promoting communication to share the progress of the project, receive feedback and favor the appropriation of this	Creation of a Working Group composed of at least 60 meetings of the Working Group over 8 months (November 2020 to July 2021), at the rate of two weekly meetings of two hours duration	PPT and infographics
Trade unions and employers' organisations	Promote participation in the design of the proposal and the appropriation of trade unions and business organizations, raising awareness about how the EU and the ILO collaborate in its design and implementation	1 webinar and 11 workshops	Memories of the workshops and webinar
General public	Socialize the proposal for comprehensive protection against unemployment by raising awareness of how the EU and the ILO collaborate in its design and implementation	Dissemination plan in social networks and other media	Videos and Technical Note

► Annex A14.A4. Emerging good practice

Country	Ecuador
Title of the practice	Coordinated approach to improve unemployment protection
Summary – Briefly describe the good practice, including results and the support provided by the SP&PFM Programme (1 paragraph)	The project developed a collaborative and coordination team among the participating institutions which included senior officials and technical support team that allowed to discuss and propose the best strategies to achieve the results of the project.
Context - Describe relevant elements of the context and the preconditions of practice (the starting point)	The outbreak of the pandemic in 2020, the restrictions on the use of public facilities and mobility, as well as the use of telework, configured a complex scenario for the development of work, family, and educational activities.
Good practice – Present the practice/experience, explaining the actors involved, the innovative methods/working methodology, the step-by-step to achieve the results	<ol style="list-style-type: none"> 1. A high-level collaborative working group is proposed in which the project is presented. 2. This group discusses and proposes the mechanism to meet, define goals and better apply the project schedule. 3. Permanent meetings are agreed and objectives and minutes of these are set. 4. Digital advantages are used to create information repositories and content socialization. 5. More than 90% of the execution of the project is developed virtually in this sense the collaborative commitment is reflected in each result.
Main results – Briefly describe the results already achieved	<ul style="list-style-type: none"> • Cohesive working group until the end of the project. • Constant exchange of information.
Success factors – List the factors that contributed to the success of the practice (bullet points)	<ul style="list-style-type: none"> • Using virtuality. • Clear rules and objectives of work.
Challenges – List the main existing challenges (bullet points)	<ul style="list-style-type: none"> • Switch to a virtual face-to-face hybrid system because of the new reality of the pandemic.
Lessons learned – Indicate up to 3 lessons learned from this experience that could be useful for other countries (more general than success factors)	<ul style="list-style-type: none"> • Virtuality can be beneficial if used properly, not extend discussions and be concrete. • Adapting to virtuality involves modifying and learning some skills with the support of the office. • Certain numerical technical topics require preferential face-to-face attention.
Next steps	<ul style="list-style-type: none"> • Continue with the collaborative work to achieve the ratification of the Conventions.