

ILO Social Security Standards



Employment Promotion and Protection against Unemployment



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International
Labour
Organization

ILO's approach and minimum parameters



Protection against Unemployment in ILO Social Security Standards



Employment Promotion and Protection against Unemployment **Recommendation**, 1988 (R.176)

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”**.
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Unemployment protection objectives

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)

UI
Benefits



ALMPs



1. Provide income security for the laid-off workers and their families
2. Facilitates the responsiveness of the labour market

The ILO's Perspective

- 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)
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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

 <p>Japan</p>	<ul style="list-style-type: none">• All employees• Exclusions: less than 20 scheduled working hours per week and self-employed workers
 <p>South Korea</p>	<ul style="list-style-type: none">• All workers with a few exceptions (persons working less than 60 hours a month)
 <p>Vietnam</p>	<ul style="list-style-type: none">• 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
 <p>Argentina</p>	<ul style="list-style-type: none">• Salaried workers
 <p>Bahrain</p>	<ul style="list-style-type: none">• Salaried workers (regardless of nationality), and first-time job seekers (Bahraini citizens only)
 <p>Canada</p>	<ul style="list-style-type: none">• All employees (85% of workforce)
 <p>Denmark</p>	<ul style="list-style-type: none">• Voluntary employees, self-employed and graduates (83 % covered in 2005)
 <p>France</p>	<ul style="list-style-type: none">• Salaried workers
 <p>Thailand</p>	<ul style="list-style-type: none">• All regular workers with a few exceptions

Public service covered in practice

 Japan	<ul style="list-style-type: none">• Yes
 South Korea	<ul style="list-style-type: none">• No
 Vietnam	<ul style="list-style-type: none">• Yes for contracted civil servants;• No for government officials and civil servants with indefinite contracts
 Argentina	<ul style="list-style-type: none">• No
 Bahrain	<ul style="list-style-type: none">• Yes, but not armed forces
 Canada	<ul style="list-style-type: none">• Yes including armed forces, but not elected officials
 Denmark	<ul style="list-style-type: none">• Yes including elected officials
 France	<ul style="list-style-type: none">• Yes, public employers must self-insure or option in
 Thailand	<ul style="list-style-type: none">• No

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)

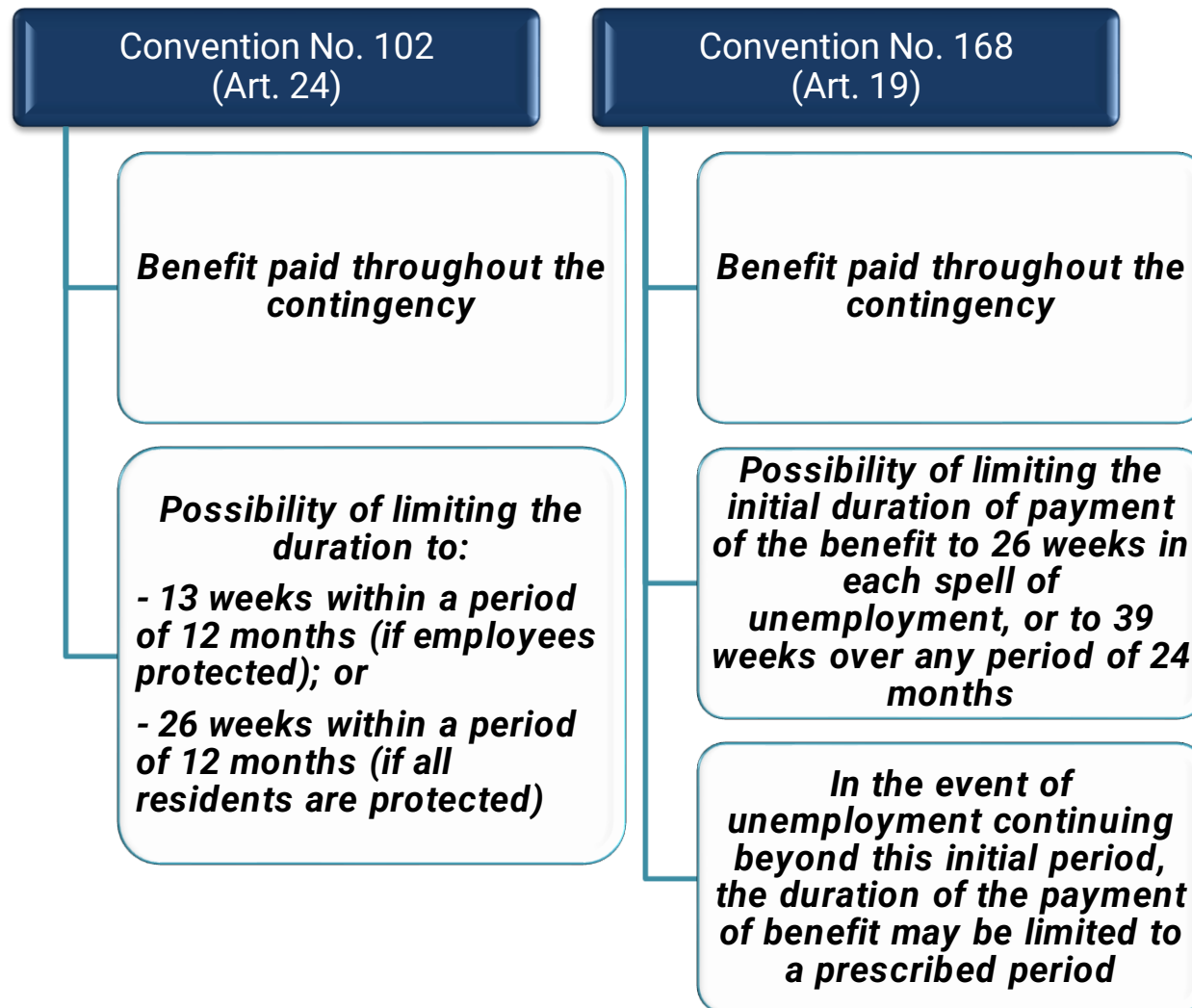
In means tested schemes:
- prescribed amount which
together with other means should
not be less than in art. 66 (45% of
the wage of the ordinary male
labourer) (C102)

- must guarantee healthy and
resonable living conditions
(C.168)










Rate in practice

 <p>Japan</p>	<ul style="list-style-type: none">• 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
 <p>South Korea</p>	<ul style="list-style-type: none">• 50%, min. is 90% of min. daily benefit (24,800 won) and max. 40,000 won daily benefit
 <p>Vietnam</p>	<ul style="list-style-type: none">• 60%
 <p>Argentina</p>	<ul style="list-style-type: none">• 50% for the first 4 months, lower afterwards, min. monthly is 250 pesos, max. monthly 400 pesos
 <p>Bahrain</p>	<ul style="list-style-type: none">• 60% / flat amount for first-time jobseekers, min. of 150 dinars and max. of 500 dinars
 <p>Canada</p>	<ul style="list-style-type: none">• 55%, maximum weekly benefit is C\$447
 <p>Denmark</p>	<ul style="list-style-type: none">• 90% of average earnings in the previous 12 weeks, up to 3,760 kroner a week
 <p>France</p>	<ul style="list-style-type: none">• 75% at low income, grading down to 57% at high income, maximum monthly earning used to calculate benefits are €11,092
 <p>Thailand</p>	<ul style="list-style-type: none">• 50%, max. daily benefit is 250 baht

Duration of benefits



Duration of benefits in practice

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










Conditions of benefits



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

Waiting period in practice

 Japan	• 7 days
 South Korea	• 7 days
 Vietnam	• Found no job within 15 days
 Argentina	• ---
 Bahrain	• 7 days
 Canada	• 2 weeks + duration of severance pay
 Denmark	• 3 weeks if self-employed
 France	• 1 week + duration of severance pay
 Thailand	• 7 days

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;



Reduction or refusal of benefits for voluntary quitting or fired persons in practice

 Japan	• YES – Benefit limited to 1 to 3 months
 South Korea	• YES – Only in involuntary situations can receive benefits
 Vietnam	• NO REDUCTION
 Argentina	• YES – Only in involuntary situations can receive benefits
 Bahrain	• YES – Only in involuntary situations can receive benefits
 Canada	• YES – Quits and fired persons are disqualified from benefits
 Denmark	• YES – 5 weeks disqualification
 France	• YES – Only in involuntary situations can receive benefits
 Thailand	• YES – Voluntary quitters only get 30% benefit rate for 3 months

Promotion of productive employment in Convention No. 168

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.

Thoughts on the development of unemployment protection scheme

In order to give non-discretionary payment of benefits:

- Importance of a well **developed free public employment service**:
 - containing a network of employment offices;
 - 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.
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THANK YOU

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