

# Unemployment protection as part of a comprehensive social security system

**Capacity building workshop on unemployment protection**  
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# Content

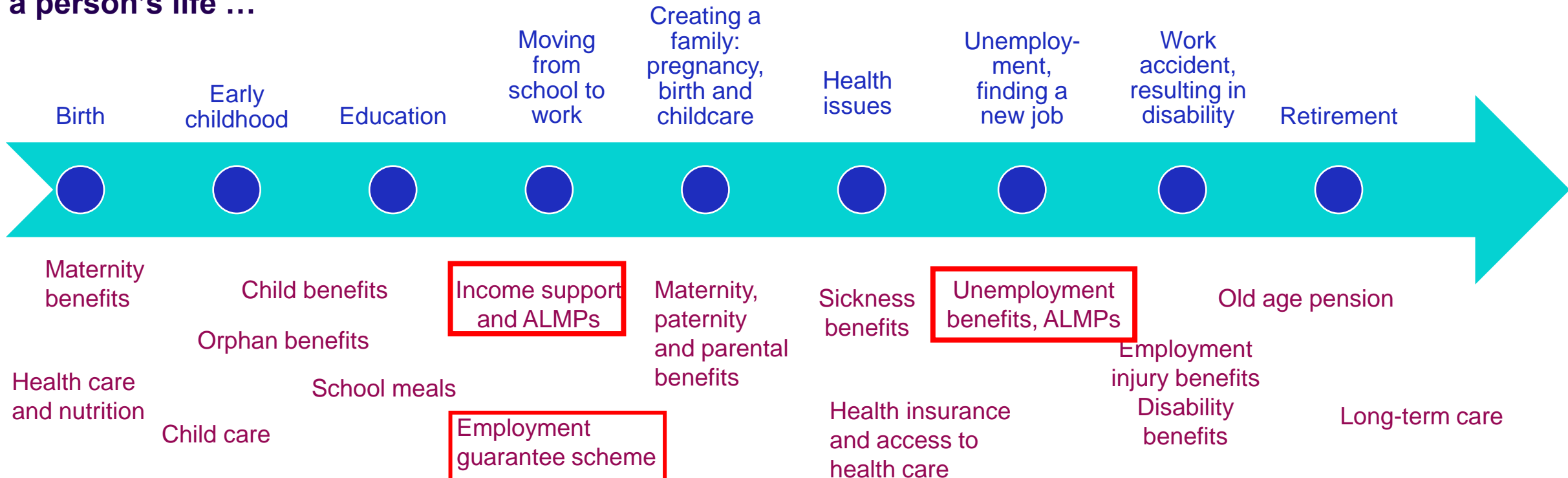


- ▶ Introduction – unemployment protection in social protection
- ▶ Some numbers – unemployment protection coverage
- ▶ ILO approach – an introduction
- ▶ Key issues in unemployment protection

# ► Introduction

## Social protection is essential throughout people's lives, including in transitions

a person's life ...



## Defining social protection

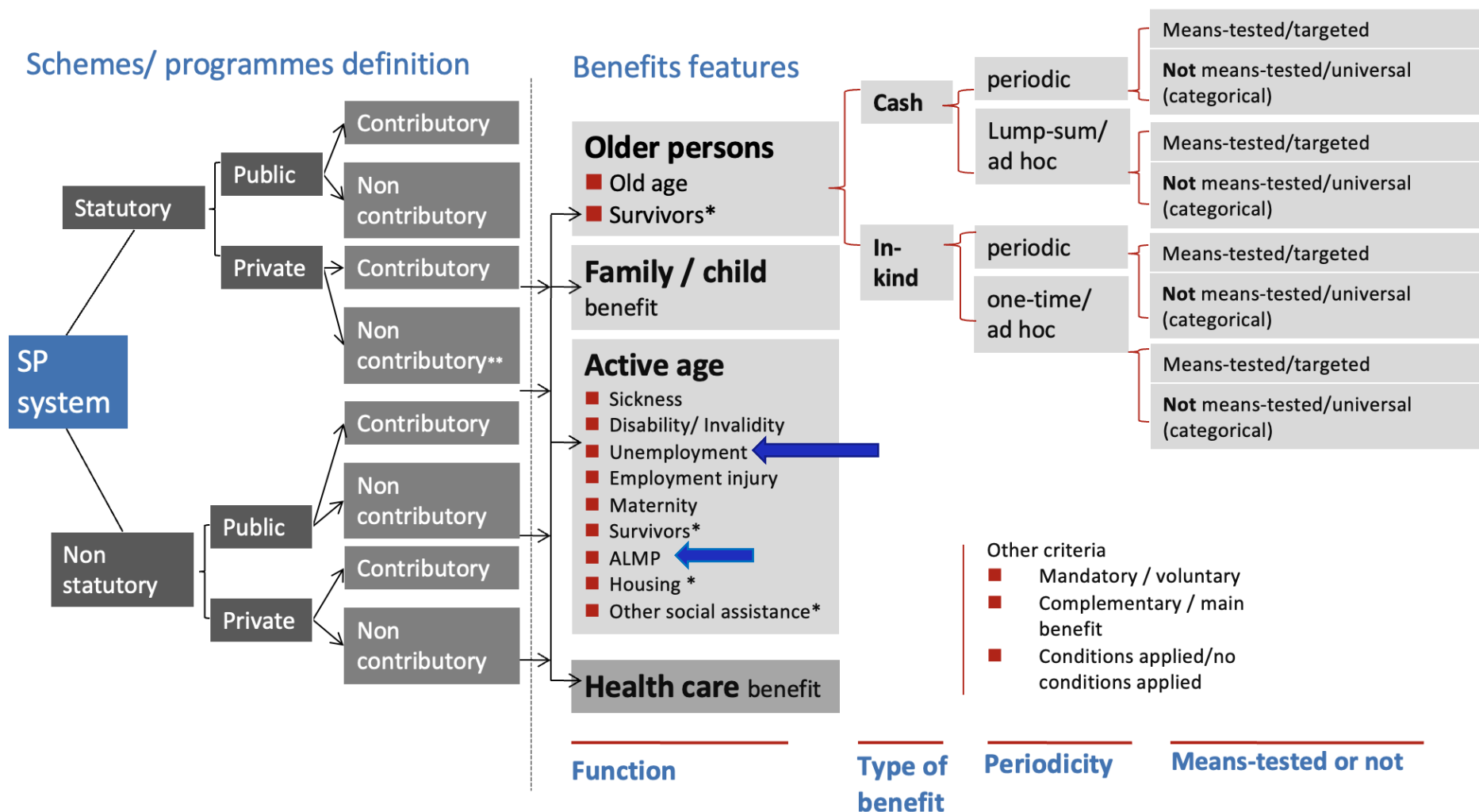
**Social Security (Minimum Standards)  
Convention 102 (1952). Nine branches:**



**Social Protection Floors Recommendation, 2012 (No. 202).  
Four basic social security guarantees:**



# Defining social protection: SSI categorisation of schemes & benefits



\* means that this function can concern several age groups. It is allocated in the group considered as the main group concerned.

\*\* donor-funded programmes anchored in legislation

## ► Unemployment protection

- COVID-19 highlighted **the crucial role of unemployment protection in**
  - **ensuring income security** for unemployed workers and their families and, in together with employment services, supporting job search and skills development
  - **preventing unemployment** and supporting workers and enterprises through partial unemployment benefits.
  - **stabilizing the economy**, stimulating economic recovery and supporting structural economic changes
- Unemployment protection programmes are also of paramount importance in **supporting people adapt to change** (i.e. technological innovations and climate change),
- **96 countries have established an unemployment protection scheme in law**, typically through social insurance mechanisms.
- **Only 18.6 per cent of unemployed workers** worldwide actually receive unemployment benefits, with large regional disparities

## Benefits of unemployment insurance

Entity	Benefits gained
Unemployed persons and families	<ul style="list-style-type: none"> <li>▪ Reduced hardship and poverty</li> <li>▪ Better chance of finding suitable job</li> <li>▪ Reduced stress and health problems</li> <li>▪ Avoiding financial difficulties that can lead to family conflicts</li> <li>▪ Increased employability through training and retraining</li> </ul>
Enterprises	<ul style="list-style-type: none"> <li>▪ Productivity gains</li> <li>▪ Flexibility to adjust to technological or structural changes</li> <li>▪ Terminations easier to accept by employers and workers</li> <li>▪ “Sheltered” workforce during temporary layoffs</li> <li>▪ More stable economic and business environment</li> <li>▪ Potential for better matching of vocational training with the needs of enterprises</li> <li>▪ Less pressure in case of cutbacks or bankruptcy</li> </ul>
Workers	<ul style="list-style-type: none"> <li>▪ Security and reassurance</li> <li>▪ Reduced need for savings</li> </ul>
Governments	<ul style="list-style-type: none"> <li>▪ Economic stabilization during recessions</li> <li>▪ Higher tax revenues</li> <li>▪ Reduced costs of public assistance schemes</li> <li>▪ Reduced need for special government interventions</li> </ul>
Society	<ul style="list-style-type: none"> <li>▪ Social stability: reduced unrest, delinquency, and crime</li> </ul>



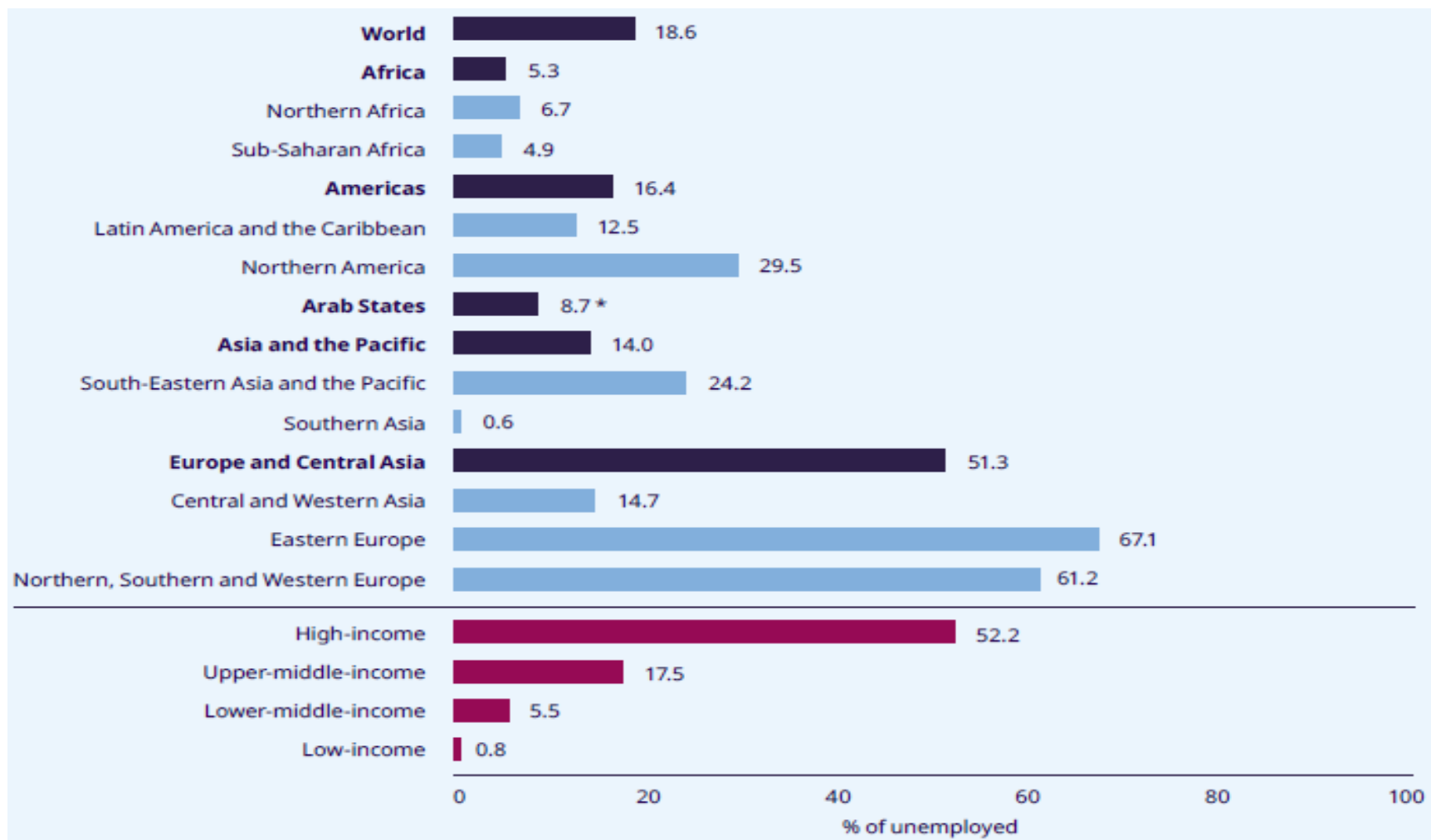


International  
Labour  
Organization

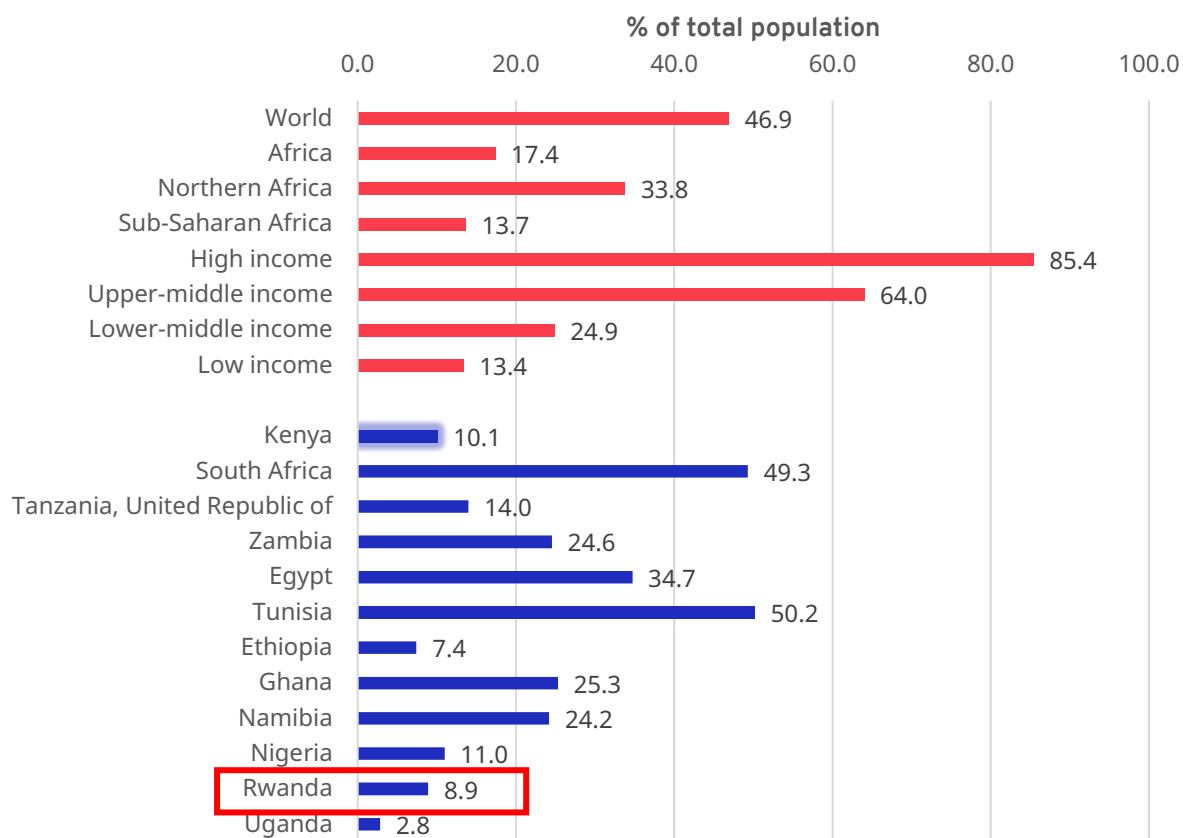
# Some numbers – unemployment protection coverage



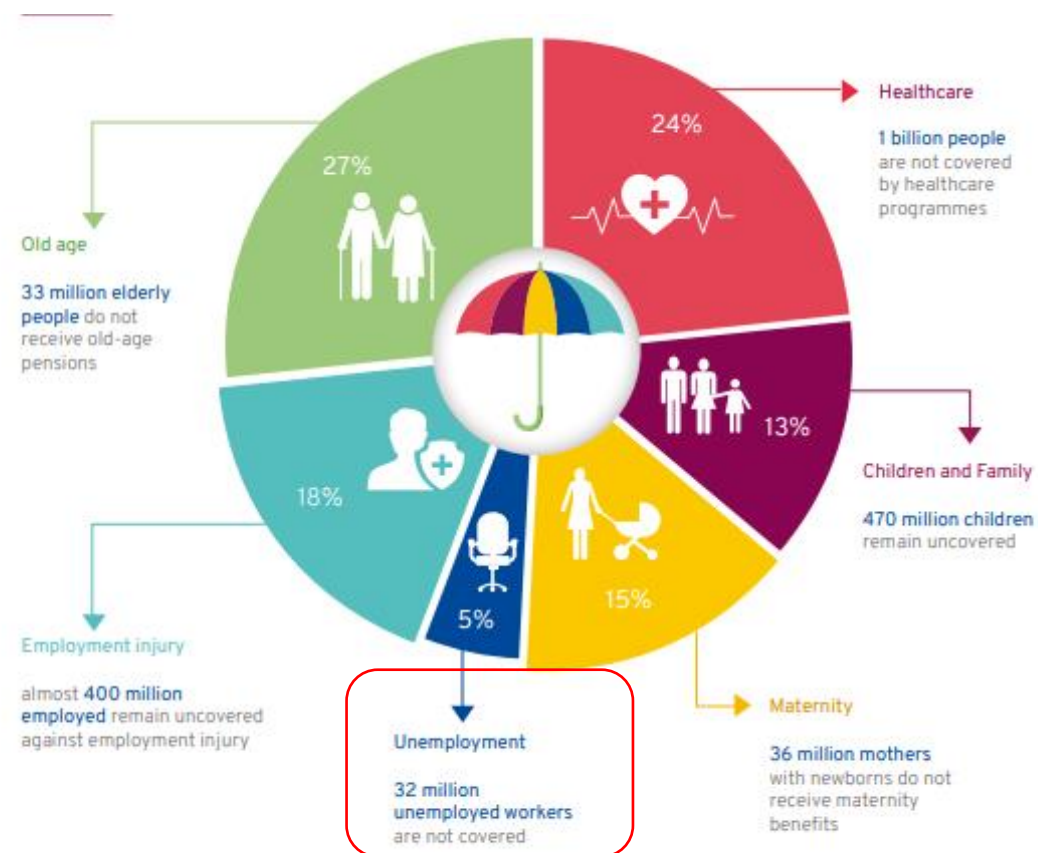
SDG 1.3.1 on effective coverage for unemployment protection: % of unemployed persons receiving cash benefits, 2020 or latest available year



## Effective coverage



## Africa - effective coverage by some social protection functions, 2020



Source: ILO World Social Protection Database, based on the SSI.

## ► Unemployment protection in Africa – some examples

SI = social insurance; SA = social assistance

Ethiopia	Severance payment	Cabo Verde	SI
Kenya	Severance payment, SI in process	Ghana	Severance payment
Mauritius	SI & SA	Guinea	Severance payment
Rwanda	Severance payment	South Africa	SI
Seychelles	SA	Liberia	Severance payment
Tanzania	SI	Eswatini	Severance payment- SI in process
Uganda	Severance payment	Mauritania	Severance payment
Zambia	Severance payment	Niger	Severance payment
Algeria	SI	Nigeria	Withdraw from provident fund
Egypt	SI	Senegal	No program
Morocco	SI	Botswana	Severance payment
Tunisia	SI	Namibia	Severance payment

# ILO approach – an introduction

## ► ILO Approach – the double objective of unemployment protectionu

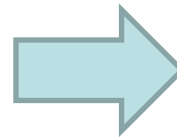
### DOUBLE OBJECTIVE

#### **Income security:**

To protect the unemployed and their families against poverty

#### **Enhanced employability:**

To facilitate return to employment as soon as possible (including re-training)



### MEASURES

**Unemployment  
Benefits  
+  
Active Labor  
Market Policies**

## ▶ **ILO Approach – the double objective of unemployment protection**

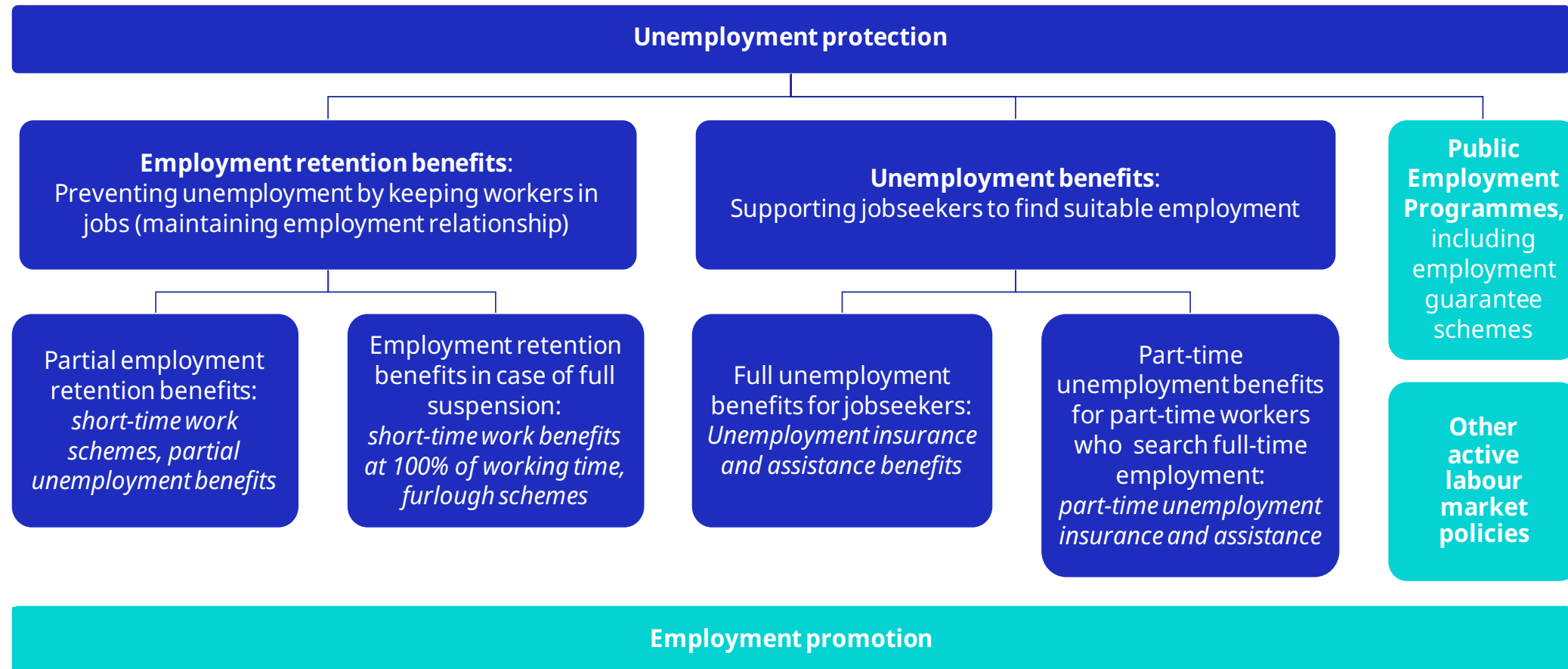
- ▶ 1. Provide income security to protect unemployed workers and their families against poverty (through unemployment benefits); and
- ▶ 2. Increase employability through skills training and retraining and facilitate the return to employment as soon as possible (through active labour market policies (ALMPs)).

## ► ILO Approach – unemployment protection ...

- comprehensive social protection, to provide income security or income replacement;
- periodic 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.



## unemployment benefits



## Active Labour Market Policies (ALMPs)

- ▶ Employment services and job search services
- ▶ Training
- ▶ Wage subsidies
- ▶ Microenterprise development
- ▶ Public works

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

## ► Some issues



## ► Unemployment Protection – some issues

- International labour standards
- Coverage of the informal sector
- Coverage of the public sector
- Severance Pay/separation payments
- Solidarity in financing vs. individual unemployment savings accounts
- Design – global comparative review



Questions?



Thank you!