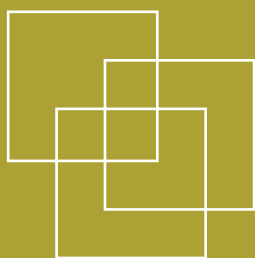


Case studies and exercises on unemployment protection

Based on the fictional
country of Coresia



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Celine Peyron Bista and Cheng Boon Ong

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ABBREVIATIONS

AEPY	Active Employment Policy Targeting the Youth Programme
ALMP	active labour market policies
ASI	Active Solidarity Income Programme
CEFAP	Coresian Empowerment for All Programme
CEFAP-SEAP	CEFAP Self-Employment Assistance Programme
CEFAP-TP	CEFAP Training and Job Placement
CEFAP-VWPD	CEFAP Vulnerable Women and Persons with Disability
COD	Coresian dine
CSF	Coresian Skills Fund
DOSME	Department of Small and Medium Enterprises
DSA	Department of Skills Advancement
GDP	gross domestic product
ID	identification document
ILO	International Labour Organization
KAB	Know About Business
MED	Microfinance and Enterprise Development
MIGC	Minimum Income Guarantee of Coresia
MOBHE	Ministry of Basic and Higher Education
MOLSD	Ministry of Labour and Skills Development
NGO	non-governmental organization
READI	Rural Engagement and Development of Infrastructure
SEAP	Self-Employment Assistance Programme
TPC-LSS	Tripartite Project Committee for Labour and Social Security
UISA	unemployment individual savings accounts
VTI	Vocational Training Institutes

INTRODUCTION

Background of Coresia

The country and its people

Coresia is a fictional country created for the purpose of illustrating case studies.¹ Thus, the following details are made up.

Coresia is located at the south-eastern corner of Asia, with a land area of 1.5 million square kilometres. The latest census (2015) recorded the population at 64,082,421 people. Coresian and English are the languages spoken here. Although almost one third of the population is younger than 24 years (2015), Coresian society will age at a rapid rate, with 25 per cent of its population projected to be in the 65 or older age group by 2040. An estimated 65.6 per cent of the population lives in rural areas, and 51 per cent of the total population is female.

The rural areas cover large parts of northern Coresia, along with remote forests and mountains, which are home to many native and tribal communities. Life can be hard and money difficult to come by, especially during monsoon seasons. Many younger people prefer to migrate to the cities and the Janto industrial belt in the South; some even travel to other countries in hopes of finding steady income and a better lifestyle. The capital city, Tulah, is a mix of modern offices, residential complexes, shanty towns and community markets, reflecting the rapid economic development experienced by Coresia over the past two decades.

Economy and growth

The national currency is the Coresian dine, or COD (COD31= US\$1). Coresia had a per capita gross domestic product (GDP) of \$5,622 in 2016. It has experienced moderate GDP growth over the past three years. With a growth rate of 5.8 per cent in 2016, it contrasts with the decennia preceding the 1997–98 financial crisis, when GDP growth averaged at 7.4 per cent, mainly due to foreign direct investment. Over the next few years, the economy is expected to cope with external challenges, such as uncertainty over the debt crisis in major economies worldwide and decreasing demand for exports, as well as internal challenges, like the need to upgrade skills to move towards a less labour-intensive economy.

After the worst effects of the 1997–98 Asian financial crisis had worn off, the economy began recovering, and the national poverty rate dropped from 32.7 per cent in 1998 to 16.3 per cent in 2003. It presently stands at 12.8 per cent, with a poverty line set at COD3,125 per month (2016).

Even though economic growth in the past decade lifted a substantial portion of the population out of poverty, income growth has not been equitable. The wealthier strata of the population have experienced larger income growth than the poor strata. A large number of people still live on the brink of poverty and run the risk of falling below the poverty line with the slightest economic or financial shock.

¹ Coresia does not actually exist; this document of simulated cases studies is intended as an example of how you should consider unemployment protection schemes for your country.

Labour market

The legal age to start working in Coresia is 15 years. The labour force of the country comprises 37.3 million people, of which 46 per cent is female. Of the economically active population, 62.3 per cent works in the informal economy and still has limited access to social protection and active labour market provisions. Over the past eight years, labour productivity increased at an average annual growth rate of 2.8 per cent. This trend suggests that economic growth and productivity increases are mainly driven by a shift of the labour force from relatively low-productive and labour-intensive agricultural jobs to valued-added, technology-intensive and capital-intensive industrial and services sector jobs. This restructuring is expected to result in higher wages, better livelihoods and a larger national tax base. In 2015, the unemployment rate stood at 4.7 per cent, but time-related underemployment was estimated at 10.8 per cent, especially among the rural youth. Rural unemployment and underemployment rates approximately double the national levels.

The major economic sectors in the country are agriculture, forestry, fisheries, mining, construction, textile manufacturing, transport, communications and tourism. The primary sector of agriculture, forestry and fisheries employs almost two-thirds of the total population, while its share in national GDP is less than one third. Construction, textile manufacturing and tourism are the fastest-growing economic sectors, which also hire a substantial number of the female working population.

A vision for the country

The Government strongly believes that employment promotion, health care and social protection are key factors for achieving inclusive economic development and sustainable growth in the country. The latest programmes initiated by the Government aim to create a skilled, productive and healthy workforce, protected from poverty traps in case of crisis. Coresia endeavours to extend employment protection to all. After the financial crisis hit the region, the Government signed a Jobs Pact for sustainable economic development and creation of jobs, thereby showing its commitment to fostering steady long-term economic growth. Despite the steps taken so far, many Coresians remain vulnerable to economic shocks and social protection risks.

Coresia is considering the adoption of a social protection floor that envisages a basic, nationally defined set of social security guarantees for the population of a country, especially for people who are poor and/or particularly vulnerable to financial shocks. One guarantee of the social protection floor is to provide income security to all people of working age. At its 101st Session (in 2012), the International Labour Conference adopted the Recommendation concerning National Floors of Social Protection, 2012 (No. 202) (Social Protection Floors Recommendation)², which reaffirms the role of social security as a human right and as a social and economic necessity and provides guidance to member States to build nationally defined social protection floors within comprehensive social security systems.

Coresia's National Ten-Year Plan

The National Ten-Year Plan – Towards Growth and Equality is a significant economic framework, unveiled in March 2015 by Prime Minister Suon Yimi, and is intended to transform Coresia into an upper-middle income country by more than doubling its per capita income from COD158,405 (\$5,110) in 2015 to COD372,000 (\$12,000) in 2025. One of the highlights of the Ten-Year Plan is the development of the country's human capital, which includes flexible hiring and firing rules for employers and, at the same time, enhanced workers' protection through the introduction of unemployment insurance along with integrated active labour market programmes and strategies to support youth and promote rural development.

² See www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_183326.pdf [accessed on 7 June 2017].

Legal and policy framework, institutions and policies

Legislation

The Constitution defines “the right to work” and “the right to social security” as basic rights of Coresian citizens and provides that it is the responsibility of the Government to ensure decent and equal work for all. Article 18E, section 1 states, “Every individual residing in the country has the right to work and earn in order to live as a dignified human being.” And Article 20C states, “Every individual residing in the country has the right to social security and is entitled to realization of their economic, social and cultural rights, indispensable for their dignity and the free development of their personality.” Article 23B, section 3 stipulates, “The State shall, within the limits of its fiscal capacity, make effective provisions for securing the right to work and to social security in case of unemployment, vulnerability to economic and social risks, inability to work caused by sickness, maternity, working injury, disability, old age and other instances.”

In May 2016, a major step was taken through the enactment of the Law on Minimum Wages (No. 684), which stipulates the minimum wage rate at COD300 per day or COD6,000 per month across Coresia.

Institutions involved

Many line ministries and their dedicated departments operate a range of income support, social security and employment support programmes (see the Annex on institutional structures and Exhibit 1). One of the main ministries involved in the administration of social protection and employment support schemes is the Ministry of Labour and Skills Development (MOLSD). Departments within the Ministry provide:

- social insurance for employment injury, disability, sickness, old age, death, maternity and health care; and
- active labour market policy (ALMP) interventions, such as employment service centres, job-matching portals, grants to employers for providing formalized training, and promoting and coordinating vocational and skills-training programmes.

The Ministry of Women and Social Welfare focuses on gender equality along with family and community development and provides assistance to people with disabilities and/or in need of special assistance. The Ministry's flagship programme is the Minimum Income Guarantee of Coresia (MIGC).

A third institution with significant activities for social protection and employment support is the Ministry of Private Sector Involvement, which administers a compulsory savings scheme for private sector employees. Its primary aim is to provide a measure of security to its members during old age, as a supplement to the social insurance old-age pension.

The Ministry of Rural Development is responsible for the socio-economic development and welfare activities. It operates a public employment programme known as Rural Engagement and Development of Infrastructure.

All people have a national identification card and a 14-digit identification number. All demographic information is collected by a network of local administrative bodies and non-governmental organizations (NGOs) and updated in a common database. The database contains personal details, data on each family situation and each individual's occupation, income level (poor, near poor, middle income and high income) and registration with social protection and employment support schemes. On the basis of the ID card and the database, prospective beneficiaries are identified and enrolled into appropriate schemes. The Ministry of Interior is responsible for issuing the card, beneficiary registration and verification (see Exhibit 2).

Employment promotion and social protection policy reform

In 2015, the Government adopted a resolution for the implementation of various social protection and poverty reduction programmes, which can be grouped into four broad categories:

- i. **A proposed contributory unemployment insurance scheme.** The decision to implement the system is dependent on a consensus among social partners and a final decision by the Government.
- ii. **Programmes that involve income support combined with vocational training and employment services,** conditional upon an active search for work. These programmes target mostly, but not exclusively, vulnerable sections of the population, rural people, youth and long-term unemployed workers.
- iii. **Expansion of public employment programmes that hire workers from rural households,** mostly for infrastructure building, conservation activities in the resident localities and the newly proposed component of social work. These activities also benefit whole communities.
- iv. **Schemes that aim to provide financial support and counselling for job creation and enterprise development.** Such schemes promote entrepreneurship and long-term income sustainability.

Existing protection for termination of employment

1. Labour Protection Act

The Labour Protection Act of 1985 is the most important piece of legislation in Coresia's labour law and covers many important provisions, including those dealing with payments upon termination of employment (Article 118).

If an employee meets the conditions for severance payment, the amount depends on the length of service. Trade unions report that, in practice, compliance with these provisions is low. Moreover, if an employer declares bankruptcy, the chance of employees receiving their severance payment is also low. In some cases, more generous conditions are provided by employers, agreed on an individual or collective basis. These rules apply to all workers covered by the Labour Protection Act, which means all private sector employees. The key determinant for coverage is the existence of a contract of service, either oral or in writing, expressed or implied and based on a daily, part-time or other work arrangement.

Finally, the Labour Protection Act also aims to protect workers against hazardous and difficult working conditions. Although no official statistics are available, trade unions report that an increasing number of workers are forced to leave their jobs because of hard working conditions, stress and lack of consideration by their employers when hazardous working conditions are reported.

Under Article 118, the allowance for termination of employment (or severance payment) will not be paid to employees who terminate their employment according to their fixed-term contract, those whose contract of service is renewed by the same employer and on terms and conditions not less favourable and when the renewal takes effect immediately, those who quit voluntarily or those who reach retirement age. Also, according to Article 119, severance payments will not be paid by the employer if the dismissal was due to serious misconduct by the employee.

Domestic workers and apprentices are also excluded, but migrant workers are covered, even if employed by a fixed-term contract. The regulations provide that benefits must be paid within seven days of termination.

Existing non-contributory social protection programmes

2. Minimum Income Guarantee of Coresia Act

In 2002 and backed by a legal provision, based on the Minimum Income Guarantee of Coresia Act, 1999, the Ministry of Women and Social Welfare implemented the MIGC Programme, which is the

cornerstone of the country's social protection system. It is a non-contributory social benefit provided to persons of working age without any income.

To receive the MIGC benefit, Coresian citizens must fulfil the following conditions:

- must be at least 15 years old;
- must commit to finding work;
- must live in Coresia; and
- must not be a pupil, student or in any type of apprenticeship.

For the past 14 years, the MIGC Programme has provided a minimum subsistence guarantee to anyone of working age with no job, who was not otherwise entitled to other social benefits (such as entitlements covering sickness, maternity, working injury or disability conditions). Since its implementation in 2002, the number of beneficiaries has increased substantially, from 400,000 to 1,089,652 in 2016, with nearly COD27.4 billion of total MIGC benefits disbursed.

The amount of benefit is calculated by household and depends on the number of adults and children. The MIGC basic income benefit for a single-person household is COD1,200 per month. For larger households, the MIGC benefit for each additional household member is supplemented by adding: 50 per cent of the basic income for each additional adult (COD600) and 30 per cent (COD360) for each additional child (table 1).

Table 0.1: Minimum Income Guarantee of Coresia benefit per household member (COD)

Number of children	Single person or parent	Couple
0	1 200	1 800
1	1 560	2 160
2	1 920	2 520

When a person starts a new job, they are automatically disqualified from the MIGC programme, irrespective of the level of earned income. This creates a major disincentive to return to work and may lead to what is commonly known as an “inactivity trap”. The obligation to seek employment under the MIGC has not been strongly enforced due to limited implementation and unfavourable job market conditions. Many MIGC recipients are not registered with the public employment services and lack monitoring and counselling support.

The Government has received negative feedback from social partners who criticize the MIGC as not being conditional on an active search for work. It is perceived as creating a dependency trap, and social partners argue that the programme severely penalizes people who eventually find employment. Currently, entitlement to the minimum subsistence income of MIGC does not require recipients to report that they are looking for work.

3. Rural Engagement and Development of Infrastructure Programme

The Rural Engagement and Development of Infrastructure (READI) Programme is an employment-intensive investment intervention that was initiated in 2007 to provide temporary work to unemployed or underemployed rural dwellers. It falls under the jurisdiction of the Ministry of Rural Development. At a national policy conference in 2004, the Government resolved to create a large-scale public works programme targeting the rural areas. It uses labour-intensive methods and limited machinery to provide work to willing adults who are unable to find employment elsewhere. The work is temporary in nature, limited to a maximum of 120 days per request. Beneficiaries register with the schemes provided by the Department of Social Security, namely those covering work-related injuries, old age, disability, surviving spouse, maternity and sickness benefits as well as the mandatory National Health Insurance Programme.

Under the READI Programme, workers receive a daily wage of COD300. It is fixed at the stipulated minimum wage rate with no possibility of increase to encourage workers to look for other long-term prospects. Workers may be assigned to several projects, which fall under the following broad categories:

- developing rural infrastructure;
- conserving the ecological system; and
- building and working in vegetable and fruit gardens.

Over the past five months, a new set of projects providing home-based and centre-based care for children, older persons, people with disabilities and other vulnerable groups was started as an experiment. This fourth category of social work projects have received a positive response from communities and has already been enveloped by the READI Programme. Under the social work projects, workers can be employed for a maximum of 365 days (compared with the maximum of 120 days under the other three categories).

The READI Programme's popularity is evident by the number of people participating in 2016, at 375,182 people. Most of them (81 per cent) worked at least 100 days that year. About 46 per cent were female workers who mostly worked in social projects and community gardens. The programme had limited reach in the remote indigenous areas. Being tax-funded, READI utilized COD22.9 billion of government funds in 2016. Two-thirds of this expenditure covered worker salaries, while the rest included administrative costs, including salaries of READI officials and technical experts and raw material costs. Most of the READI costs, however, fall under local infrastructure development or conservation activities.

Table 0.2: Comparison of work days allotted to each Rural Engagement and Development of Infrastructure projects, 2016

	Maximum No. of days	Beneficiaries			
		Male	%	Female	%
Rural infrastructure	120	158 026	78	8 629	5
Ecological system	120	38 494	19	10 355	6
Vegetable and fruit gardens	120	4 052	2	67 308	39
Social work (care)	365	2 026	1	86 292	50
		202 598		172 584	
Total				375 182	

A Ministry of Rural Development survey found that many people return to work through the READI Programme every year. While this reflects the programme's effectiveness in reaching people in need, it also reveals that people are unable to find decent work opportunities or better jobs and must fall back on performing the same work under the READI Programme. They then see no growth in their income and limited impact on their skills development.

4. Microfinance and Enterprise Development Programme (in rural areas)

Since 2008, the Ministry of Private Sector Involvement, the National Bank for Rural Development, local NGOs and the World Bank have jointly operated an assistance programme for human and financial capacity building in rural areas. This programme, Microfinance and Enterprise Development (MED), is an instrument for rural development. It targets men and women from rural households (identified by their current place of residence) to encourage the creation and growth of local enterprises.

The programme operates in two ways. First, the MED organizes self-help groups comprising men and women from rural communities. Each group has four to six members who meet regularly to discuss common socio-economic problems and ways to solve them by developing a business idea. MED volunteers provide information on technical and financial assistance, training courses, procuring of raw materials and so on to help the groups realize their business idea. Although MED participants initially welcomed the idea of sharing experiences and knowledge, relying solely on volunteer groups is not enough for continuously supporting new members and business ideas. Volunteers have slowly lost enthusiasm, and attendance at group meetings has been decreasing. Applicants and beneficiaries have requested that a more systematic case-management approach be used to provide counselling services.

Second, MED arranges for micro loans from financial institutions and banks by becoming the link between rural members and a financial institution. Each member contributes COD20,000 at the start of a group and acts as guarantor for the other members. They can avail of short-term interest-free loans of COD200,000–COD400,000. MED assists beneficiaries with the paperwork and helps the banks and financial institutions develop intermediate structures dedicated to micro lending.

The MED is a popular programme, with more than 230,000 beneficiaries availing of loans between 2008 and 2016. However, it may still be too early to draw conclusions on the repayment capacity of beneficiaries.

5. Coresian Empowerment for All Programme

The Coresian Empowerment for All Programme (CEFAP) is the flagship initiative of the Government's National Ten-Year Plan. The Ten-Year Plan aims to raise the living standards of low-income households in rural areas and “to engage them in the economic development process”. CEFAP is being implemented across Coresia, with a special focus on rural and remote areas. The Ministry of Women and Social Welfare and its decentralized offices are responsible for its administration and operations. Eligible households are identified through a poverty-scoring survey in which the welfare status of a household is rated on a scale of 0–10. Indicators include the head of household's level of education and employment status, household income, number of dependants, housing characteristics, durable assets and other factors for measuring the likelihood of being poor. Those households that score below 3 are considered eligible for CEFAP benefits.

CEFAP consists of four components:

- CEFAP's Training and Job Placement (CEFAP-TP) programme for people highly vulnerable to poorly paid work or unemployment. It provides vocational training for up to six months and facilitates job placement and access to job portals, in coordination with JobsCoresiaNow. The training is demand driven. CEFAP-TP is coordinated by the Department of Skills Advancement.
- CEFAP's Self-Employment Assistance Programme (CEFAP-SEAP) encourages entrepreneurship and new businesses by providing low-interest loans ranging between COD50,000 and COD600,000, which enables low-cost access to raw materials and by offering training and sales support. Beneficiaries go through an interview and selection process. Agricultural businesses and local artisans are prioritized to help rural people establish a steady income source while preserving their culture. CEFAP-SEAP gives special encouragement to female entrepreneurs in an effort to empower women.
- CEFAP Relief Fund provides emergency cash benefits of up to COD4,000 to families affected by natural disaster.
- CEFAP for Vulnerable Women and Persons with Disabilities provides income support, which is conditional on active engagement in the community, through remunerated social work (linked to the READI Programme), business development (linked to MED and CEFAP-SEAP) and active job search (through CEFAP-TP).

One of the main objectives of CEFAP is to enable women opportunities to make professional choices and decisions in their household and to have greater economic independence. Women registered under CEFAP can participate in a weekly training programme to learn household management and

basic financial skills. In 2016, 41,724 rural households participated in CEFAP, including 2,710 female entrepreneurs who ultimately set up their own businesses. Regarding CEFAP's implementation, coordination between the Ministry of Women and Social Welfare and the Ministry of Labour and Skills Development remains an area for improvement.

Active labour market policies

Coresia has a well-developed network of programmes and measures designed to assist jobseekers in finding work, to encourage employers to hire them, to promote training and skills development and to provide individuals with opportunities to improve their long-term employment prospects (refer to Module 2 for more details and examples of active labour market programmes).

To improve links between vocational training and unemployment insurance benefits, social partners have proposed that the Department of Labour should administer a mobility assistance programme through the employment insurance scheme to assist unemployed workers in finding suitable jobs in an extended area of job search. The Department of Labour has offices located throughout the country and would be an ideal candidate for mobility assistance.

6. JobsCoresiaNow

JobsCoresiaNow is a unit of the Ministry of Labour and Skills Development and provides public employment services and an electronic job-matching portal. It helps connect employers and jobseekers by providing counselling, job search support and information on the labour market. There are some doubts, however, concerning possible discrepancies in the number of job vacancies and placements listed on the web portal. There is also an issue with employers being required to list jobs for migrant workers, which has created a perception that only jobs with minimal wage expectations are offered through JobsCoresiaNow. The number of staff members in rural areas is also too low and affects the quality of services there.

The credibility of JobsCoresiaNow has been questioned, particularly by government departments that are currently negotiating with JobHighway, a private sector web portal for matching their clients with employers, instead of referring to JobsCoresiaNow. JobHighway started operations in Coresia in 2001 and has grown to one million registered jobseekers and 70,000 employers. Employers can post their vacancies on the website www.jobhighway.cor or browse through jobseeker profiles. The website matches a jobseeker's profile with available vacancies and emails both employers and jobseekers about prospective matches. JobHighway has a mobile application that is often used by younger prospective jobseekers. Although JobHighway does not provide training, it offers career guidance services, resume writing and practice interview questions. It also maintains a blog called BlogHighway that allows people to share experiences and tips. The officials of JobsCoresiaNow and JobHighway are now exploring the possibility of a public-private partnership to enhance the efficiency of job matching in the country.

7. Active Employment Policy Targeting Youth

The youth employment crisis, which hit many countries of the world in recent years and still persists, is felt in Coresia as well. The Government does not consider this to be a temporary phenomenon linked to a phase of sluggish growth but instead is concerned it could become a structural trend if proper interventions are not established. In Coresia, 15- to 24-year-olds are four times more likely to be unemployed than adults. They are far more vulnerable in the matter of securing decent jobs. The Government deliberated on the Active Employment Policy Targeting Youth (AEPY) Programme for three years until it was prioritized and introduced in 2014. The policy is intended to address the challenge of low skill levels and unemployment faced by many Coresian youth.

The AEPY Programme targets young unemployed people (aged 15–24 years) from low-income households who have not completed secondary education and who have fewer than five years of total work experience. The programme aims to reduce the vulnerabilities of poor, uneducated young people and promote their social and economic inclusion. The ultimate aim is their integration into formal employment and upward movement from low-income to middle-income earners. It is not exclusive,

however, and young graduates can also benefit from the programme.

Implementation of the AEPY is done through a combined set of tasks and activities designed to help young people achieve one or many of the following objectives:

- complete up to secondary school education and encourage the youth to pursue tertiary and vocational education;
- learn a skill or trade;
- build a professional profile and write a resume;
- receive professional counselling;
- prepare for interviews and job placements;
- learn workplace ethics and practices;
- apply for decent jobs and secure a career; and
- start a business with case-management counselling services and the help of financial subsidies and loans.

Each 15- to 24-year-old person who registers in the AEPY Programme is assigned a mentor and a work plan consisting of several stages. The first stage is a workshop that provides orientation to education and career building. The second stage is to identify personal interests, needs and priorities through a series of career counselling discussions. Based on this, the third stage is to undertake an educational or vocational training course. The next stages vary for every participant and may include preparing for placement, undergoing further professional courses, planning a business venture or other activities.

As long as a participant receives education, training or counselling under the AEPY Programme, they are eligible for a monthly stipend allowance of COD1,200 for up to 24 months. The programme covers the total fees for training delivered by Vocational Training Institutes (see the next section) and the Department of Skills Advancement and for counselling services provided by JobsCoresiaNow. At the time of graduating from the AEPY Programme, the participant is given a lump-sum of COD2,000. This benefit is intended to help participants meet their daily expenses or the expenses of their dependants, if any, and then prevent them from falling into poverty and social exclusion. The programme also provides for financial assistance between COD50,000 and COD400,000 for its graduates who want to set up their own venture.

One mentor is assigned to 20 participants at a time, and the mentor helps them at all stages. Thus far, 107,528 people have benefited from the AEPY. In addition to young graduates and non-graduates, AEPY also targets individuals who have fewer than five years of work experience and want to further their education level or learn new skills. The programme also helps them look for better jobs and higher incomes.

The Department of Labour within the MOLSD is responsible for implementing the AEPY at 212 Youth Employment Centres across the country. At the time of leaving the AEPY, participants receive a certification from the Department of Labour. The Government recently devised the Graduate Employability Blueprint 2015–20, which aims to achieve employment for at least 75 per cent of tertiary graduates just after their graduation. The plan and groundwork for achieving this goal was only developed a month ago and needs to be integrated within the AEPY for greater efficiency and coverage.

Approved training providers

8. Vocational Training Institutes

There are 14 Vocational Training Institutes (VTIs) across the country that are accredited by the Ministry of Labour and Skills Development and provide training in mechanical, electrical, construction and many other skills. Graduates from the VTIs typically are taken on as apprentices in enterprises for a few months, at the end of which they are usually offered permanent jobs. The VTIs train workers at the entry, intermediate and advanced levels and also train instructors.

9. Training courses under Department of Skills Advancement

Several training programmes are run by private service providers and NGOs, especially at the local level. They provide training for such jobs as electrician, carpenter, mechanic, construction worker, beautician, hospitality or tourism staff and administrative roles. Many young people enrol in these courses. The programmes are assessed and accredited by the Department of Skills Advancement. They also give a Coresian Skills Award to graduates who pass a written and practical examination on occupational skills.

10. Coresian Skills Fund

The Coresian Skills Fund (CSF) was established in 2009 to provide financial grants to contracted training providers and employers who offer skills training programmes in different job fields. The CSF is managed by the Department of Labour to improve the employability of workers, help them upgrade to better positions and facilitate their return to work. In the long run, CSF aims to evolve into the primary mechanism for funding self-employment and job-related training. It was envisioned that graduates of CSF training programmes would be eligible for micro loans from CSF to set up their own ventures. So far, however, only job-related grants have been disbursed.

11. Higher education under the Ministry of Basic and Higher Education

Coresia has a number of public and private higher education institutions, universities, polytechnics and community colleges. The institutions aim to produce graduates, post-graduates and doctorates in mathematics, science, engineering, medicine, law, economics, finance, psychology, research and other fields.



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Unemployment insurance can provide income security during temporary unemployment resulting from crisis.

Kshep Ryuni
Minister of Labour and
Skills Development of Coresia

CASE STUDY NO. 1: PROVIDING UNEMPLOYMENT INSURANCE AND NON-CONTRIBUTORY INCOME PROTECTION FOR ALL IN CORESIA

Designing and implementing an unemployment insurance scheme

One of the priorities of the National Ten-Year Plan is the development of the country's human capital, which includes flexible hiring and firing rules for employers and, at the same time, enhancing social protection for workers through the introduction of unemployment insurance along with integrated active labour market programmes. A section of the Ten-Year Plan is devoted to unemployment insurance and begins by explaining: "The international experience shows that effective unemployment insurance can provide a short-term solution and usually does a better job than strict reliance on severance payments."

Many difficulties have been reported by workers seeking severance pay when terminated from their employment of more than five years. After the global financial market meltdown in 2008, the reports increased. Many employers went bankrupt after the 2008 economic catastrophe and failed to remit the severance pay and, in some cases, even the final wages. Also, some employers attempted to circumvent the Labour Protection Act and forced workers to accept less severance pay than was prescribed under the law.

Severance payment and unemployment insurance benefits have a similar purpose, with both instruments providing financial assistance to terminated employees. Severance payments, however, are paid whether or not the unemployed person finds subsequent work, unlike the unemployment insurance scheme in which finding gainful employment precludes the continued payment of benefit. Payment of termination benefits and unemployment insurance are also distinguished by the fact that one falls under the Employment Law and the liability of employers, is not pre-funded and is not guaranteed by the State; while the other rests, as in most countries, on the Social Insurance Law and under the responsibility of the State. Overall, severance payments are less reliable and effective than unemployment insurance benefits in protecting workers against the financial impact of job loss, primarily because: (i) their actual payment depends on the employer's financial capacity; and (ii) they do not support a quick return to work.

Therefore, the Government wants to set up a mandatory contributory unemployment insurance scheme to complement or replace the severance pay instrument to protect workers who lose their job involuntarily. Although the unemployment rate is low at this time (at 4.7 per cent, 2015), the situation is seen as opportunity to firmly establish an unemployment insurance scheme for any future shocks to the economy and the labour market that could adversely impact on the unemployment rate.

If a new unemployment insurance scheme is approved and implemented in Coresia, there would be a strong requirement for close links between it and existing and/or new active labour market programmes to encourage workers to find and keep suitable employment. For this reason, the new unemployment insurance scheme would logically fall under the responsibility of the Ministry of Labour and Skills Development. The Government will combine the unemployment insurance scheme and JobsCoresiaNow into an effective entity that provides partial temporary benefits and efficient instruments to help individuals quickly return to work.

Designing and implementing a non-contributory income-support programme

As noted, the unemployment rate in Coresia was 4.7 per cent in 2015; however, many people are also underemployed, given their skills, qualifications and working hours. Some workers take up part-time contractual jobs when they are unable to find full-time jobs. The 2008 global economic crisis resulted in a fall in labour demand as businesses cut costs in an endeavour to minimize their losses. Many graduates and young skilled workers were unable to find work in the sector or location they preferred and had to take up lesser-paying or part-time jobs or jobs in the informal economy. Even now, they face difficulties in the interview and selection processes and in matching up to the skills and experiences that employers are looking for.

To better assist unemployed and underemployed workers, the Government is seeking to improve the Minimum Income Guarantee of Coresia (MIGC) Programme. The Government conducted an evaluation of the MIGC and determined that it creates disincentive from finding and keeping suitable employment for many recipients. Critics also argued that it penalized too severely those who do eventually find employment, including individuals who work part time or are poorly paid.

The Government is proposing a new modality to make the return to work more attractive than remaining on social assistance. The proposed programme, called Active Solidarity Income (ASI), would replace the MIGC programme and target unemployed and low-income workers who earn less than the poverty line threshold. The poverty line also depends on the household composition. The new non-contributory scheme will provide income security for people whose unemployment insurance benefits have been exhausted or who are not entitled to unemployment insurance, including workers who are considered the working poor or employed in the informal economy.

The objectives of the ASI Programme would be to reduce poverty and enhance incentives to return to work by ensuring that “work pays” in any situation and providing social support and professional integration into the labour market.

The ASI benefit is composed of a basic income, which depends on the household composition, plus an additional allowance that corresponds to 20 per cent of the earned income should the person return to work. Both allowances would be conditional on an active search for employment. The payment of the allowance would be suspended after a certain number of refusals of suitable employment.

Table 1.1: Proposed basic income benefit under the Active Solidarity Income programme

Number of children	Single person or parent	Couple
0	COD800	COD1 200
1	COD1 040	COD1 440
2	COD1 280	COD1 680

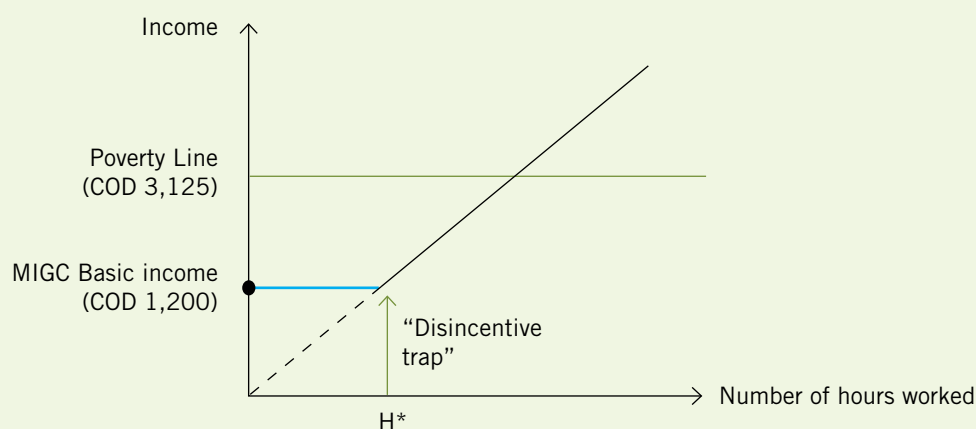
To work or not to work? The dilemma under the existing MIGC programme

The following diagram illustrates the possible “inactivity trap” for 32-year-old Kyune. He has the option of taking up a part-time and low-paying job or receiving the MIGC basic income by not working at all. The vertical distance between the solid line and the yellow horizontal line represents the difference in income if he chooses either:

- to not work and receive the MIGC basic income denoted by the black dot, or
- to work for H^* hours or fewer and receive the earned income denoted by the dashed line.

Kyune would end up in the inactivity trap if he chooses not to work at all because he is receiving more income through the MIGC programme instead of working. This situation is called the “work disincentive trap”.

If there were to be a possibility for him to work for more than H^* hours (gaining full-time employment), he would have an additional option of working more and earning an income that is higher than the MIGC basic income (represented by the solid line), thus escaping inactivity.

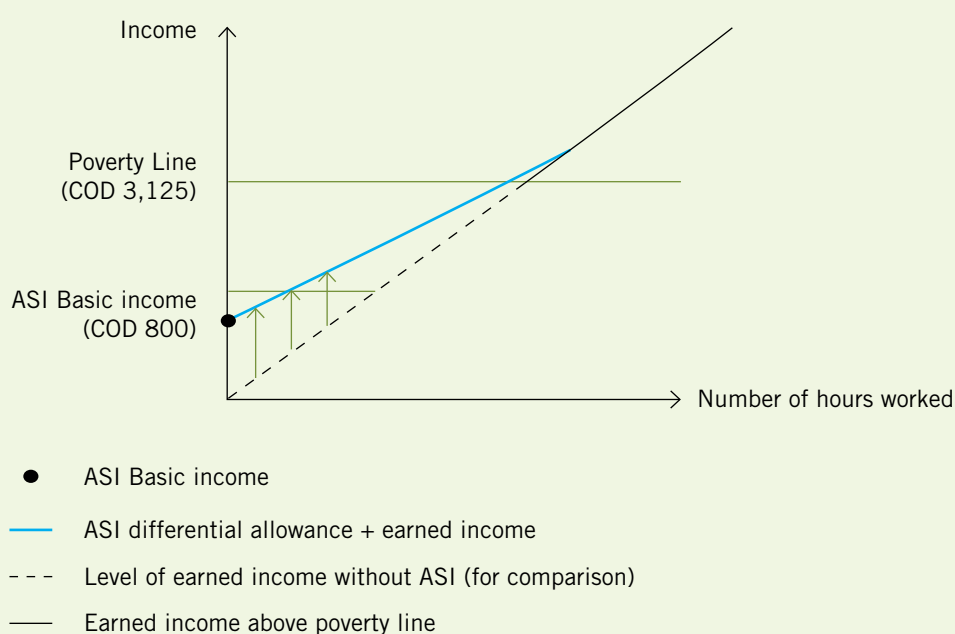


- MIGC Basic income without working
- Level of MIGC basic income (for comparison)
- - - Earned income for workings hours $< H^*$
- Earned income for workings hours $> H^*$

Avoiding the inactivity trap

Kyune, 32-year old, now has the option of taking up a part-time job while receiving the ASI income benefit as long as his wage is below the poverty line threshold. To illustrate, Kyune's pre-transfer earnings without receiving the ASI benefit is denoted by the dashed line in the diagram below. The ASI Programme acts as a minimum income guarantee and provides an incentive to return to work via a differential allowance designed to raise the household's income.

Unlike in the MIGC Programme, Kyune is encouraged to work because his income will always be higher under the ASI Programme if he works and does not earn above the poverty line. If he chooses not to work, he will only receive the ASI basic income (represented by the black dot). If Kyune works, he will take home the ASI differential allowance (which is at least equivalent to the ASI basic income) and income earned by working (yellow line).



The way forward

The Government established a Tripartite Project Committee for Labour and Social Security (TPC-LSS) to design the proposed new unemployment insurance scheme and the Active Solidarity Income scheme. The committee comprises government officials from the Ministry of Labour and Skills Development and the Ministry of Women and Social Welfare, along with representatives from workers' and employers' organizations, informal economy workers and social security experts.

While all TPC-LSS participants agreed on the necessity of introducing unemployment insurance in Coresia during a recent meeting, many voices stressed that most workers are still in vulnerable and informal employment. For them, the MIGC programme should provide a long-term solution and prevent individuals who are unemployed from staying on social assistance for an extended period of time.

The TPC-LSS mandate is to decide on the most effective **unemployment insurance scheme and the structure of the proposed ASI Programme**. It will present the findings of a design study at a national forum with all stakeholders in the capital city. At the initial meeting of the committee, the participants decided to make the two initiatives a priority for strengthening the social security net, with four items declared high priority:

- i. Initial design and potential costs of a proposed unemployment insurance scheme; whether those leaving voluntarily should be covered or not will be discussed among the tripartite committee.
- ii. Reinforcing inter- and intra-ministerial coordination for the implementation of the two proposed schemes.
- iii. Initial design and potential costs of the proposed ASI Programme that create incentives to return to work.
- iv. Determining the status of the severance payments and whether the payment will delay the start date of the unemployment insurance claim for benefits or whether it should be progressively phased out.



Case study exercises

Exercise 1: Map existing provisions and identify gaps in employment protection (Module 3)

The members of your case study group are members of the TPC-LSS who attend its meetings. Because the TPC-LSS is a tripartite multistakeholder group, you may choose to take on the role of a stakeholder (representing the Government, employers' organizations or trade unions) during the discussion. With this in mind, complete the assessment matrix that has been provided:

- map the existing provisions (legislation, policies and programme measures) to protect unemployed and underemployed workers; and
- identify gaps and propose recommendations or a range of options to improve employment protection, on the basis of the details provided for the case study.

There is an additional column for inserting recommendations or range of options concerning the parameters of the new unemployment insurance scheme and the ASI Programme. This range of options will be discussed and agreed upon by the TPC-LSS. Your group will deal with the development of an unemployment insurance scheme and a new income protection scheme for individuals earning little income or who are underemployed or unemployed.

Exercise 2: Map existing institutions and identify a possible institutional set-up (Module 4)

At the second meeting of the TPC-LSS, your group is asked to map all existing institutions that could potentially fulfil one or several functions when implementing the proposed recommendations. Also, identify the possible need for enhancing the capacity of existing institutions or discuss the establishment of new institutions, if required.

Exercise 3: Draft the legal framework (Module 5)

At the third meeting of the TPC-LSS, your group is requested to prepare an inventory of key elements that should be included in the draft legal documents, in accordance with the ILO Conventions and Recommendations.

Exercise 4: Translate a range of options into practical scenarios (Module 6)

This is the fourth meeting of the TPC-LSS. You are invited to translate the recommendations or range of options identified by your group during the previous meetings into three practical scenarios.

Exercise 5: Estimate the cost of each scenario (Module 6)

At the fifth meeting of the TPC-LSS, your group is asked to calculate the cost of implementing each scenario by taking into consideration the proposed institutional set-up. You may have to build additional assumptions to project the cost until 2024.

Assumptions for costing (for facilitators to provide to their groups)

The Labour Force Survey (LSF) of Coresia reports that among unemployed workers, an average of 69 per cent used to work in the formal economy between 2013 and 2015. The poverty rate among the economically active, employed and unemployed workers for the same period was estimated at 8.7 per cent in 2015.

The LFS distinguished employed workers between the following two categories:

1. Active unemployed referred to people who did not work during the reference week but were available for work and actively looking for work.
2. Non-active unemployed workers included the following categories:
 - a. people who did not look for work because they believed no work was available or they were not qualified;
 - b. people who might otherwise seek employment due to illness or bad weather;
 - c. people who were waiting for job applications result; and
 - d. people who had looked for work before the reference week.

The LFS reported that 77.4 per cent of people declared unemployed were actively looking for a job on average over the period 2013–15, whether they used to work before or not.

The LFS also showed that 5.2 per cent of individuals becoming unemployed had found a job within the first seven days after losing their employment. Finally, the LFS indicated that 18 per cent of unemployed workers had left their jobs voluntarily, without just cause, as stipulated by law.

In 2015, the Department of Social Security reported that 14.6 million employees (or 39 per cent of the economically active population) were covered by the four schemes of the social security system. It is assumed that three years after its launch, the unemployment insurance scheme will have caught up with the social security system coverage rate.

The average monthly wage of insured workers, as reported by the Department of Social Security administrative data in 2015, was COD10,043. Similarly, the average monthly wage of those who had left the social security system during the past three years (2013–15) was COD8,650.

The data collected by the Department of Social Security showed that only 39.7 per cent of job leavers younger than 65 years (retirement age) had 12 or more months of contributions over the three years from 2013 to 2015.

The following table, extracted from Department of Social Security data, provides the distribution of the qualified individuals according to how long they have worked in the previous 24 months. The average unemployment duration is approximately 1.8 months.

Table 1.2: Distribution of qualified individuals, by how long they worked in the previous two years

Contribution period (months)	Qualified claimants (%)	Entitlements (months)	Average claim duration (months)	Total unemployment benefits for 100 persons (months)
12	45	3	1.46	65.7
16	23	4	1.81	41.63
20	18	5	2.19	39.42
24	14	6	2.46	34.44
Total	100			181.19
Average claim duration				1.812

It is assumed that the proportion of active unemployed workers and those unemployed who used to work in the formal economy and those who are losing their job involuntarily and find a job within seven days remain constant over the next seven years.

On the other hand, it is expected that the coverage of the social security system will constantly increase at the annual rate of 2.5 per cent over the next ten years, with a constant annual wage increase of 4.3 per cent. Aggregate insured earnings of contributors amounted to COD145,965 million in 2015 and increased according to the growth rates of the average wage and the number of the social security system contributors.

As part of a feasibility study commissioned by the Government, the country's Socio-Economic Research Institute (ISER) used the national household survey findings to estimate the poverty rate among the economically active, employed and unemployed populations at 8.7 per cent in 2015. ISER analysts estimated that the average ASI basic income per household (for those who do not work at all) would amount to COD1,380 a month. For those working and earning below the poverty line (COD3,125 in 2016), the ASI basic income and differential allowance would average to COD1,860.

Finally, an additional focus group study also revealed that 20 per cent of the economically active workers who are poor would still prefer to remain unemployed and receive the basic income instead of working and receiving the top-up differential allowance under the proposed ASI Programme.

Case study No. 1: Discussions



Exercise 1a: Assessment matrix: Mapping of the existing provisions, identified gaps and proposed recommendations (options)

The detailed assessment matrix for mapping existing programmes and identifying gaps and implementation issues is presented in the Annex. The following matrix is to be read in conjunction with the mapping matrix.

Vision of the Government: Providing effective instruments for income protection of the unemployed	
Existing provisions	Recommendations
Labour Protection Act	(*) R1: Improve unemployment protection by introducing a new unemployment insurance scheme that replaces the severance pay scheme.
Minimum Income Guarantee of Coresia Programme	(*) R2: Establish a new non-contributory scheme with the objective of supporting and creating incentives for recipients to find work quickly.
Coresian Skills Fund (CSF)	(Δ) R3: Implement the self-employment loans fund under the CSF.
Rural Engagement and Development of Infrastructure (READI) Programme	(Δ) R4: Link the READI Programme to return-to-work or self-employment programmes. (Δ) R5: Conduct awareness campaigns for READI and CEFAP, especially in remote areas, through local government agencies and well-known figures.
Coresian Empowerment for All Programme (CEFAP)	(Δ) R6: Improve CEFAP's administration to gradually reach all rural poor households. (Δ) R7: Explore ways to improve coordination among government and implementing agencies and the linking of all databases. (Δ) R8: Conduct training for local administration bodies.

Note: Two types of recommendations were formed: (*) designates the provision of additional benefit or increase of coverage that leads to costs that can be calculated using the Rapid Assessment Protocol; (Δ) designates requirement for detailed studies or can be implemented through specific technical cooperation projects.

Exercise 1b: Parameters of a proposed unemployment insurance scheme

Unemployment insurance element	ILO guidance	Recommended by the Ministry of Labour and Skills Development	TPC-LSS response
1. Coverage	ILO Convention No. 102 requires 50% coverage of all employees while ILO Convention No. 168 stipulates 85%.	All private sector employees under a contract of service; excluded: migrant workers, self-employed, domestic workers, armed forces, civil service.	All private sector employees under a contract of service, including migrant workers, apprentices and domestics workers. Excluded: self-employed, armed forces, civil service.
2. Financing	Convention No. 102 stipulates that there should be collective financing of unemployment insurance and that insured workers should not pay for more than half of the costs of the scheme. Also, the State should be guarantor of shortfalls.	Employers' and workers' share in financing: 0.5% for each for a total of 1%.	Employers' and workers' share in financing: 0.5% for each for a total of 1%.
3. Qualifying conditions	Convention No. 102 and Convention No. 168 both allow for a reasonable qualification period.	12 consecutive months in a 12-month period. Only for involuntary loss of job (same conditions as Labour Protection Act).	Should be 12 consecutive months in a 24-month period prior to termination. For voluntary and involuntary termination of contract.
4. Amount of benefit	Convention No. 102 prescribes a minimum benefit rate of 45% of previous earnings and Convention No. 168 raises that minimum to a rate of 50%.	50 per cent of average contributory wages and only for involuntary termination.	60% in case of involuntary termination, 30% for voluntary termination.
5. Duration of benefits	The duration of the benefits may be limited to 13 weeks within a period of 12 months (Convention No. 102), or to 26 weeks in each spell of unemployment or to 39 weeks over any period of 24 months (Convention No. 168).	Up to six months and only for involuntary termination.	Up to six months in case of involuntary termination; up to three months in case of voluntary termination.

Unemployment insurance element	ILO guidance	Recommended by the Ministry of Labour and Skills Development	TPC-LSS response
6. Ongoing entitlement conditions	Unemployment insurance claimants must be capable of working and available for work (Convention No. 102), and actively looking for work (Convention No. 168).	Recipients must actively search for a job; attend scheduled job interviews, counselling, information or training sessions; and follow all directives.	Recipients must actively search for a job; attend scheduled job interviews, counselling, information or training sessions; and follow all directives.
7. Suspension of benefits	Benefits could be reduced or suspended for a temporary or indefinite period, if someone turns down suitable job offers and/or leaves the territory.	Suspend the benefits of the unemployed worker when two job refusals of suitable employment occur without good cause.	Suspend the benefits of the unemployed worker when two job refusals of suitable employment occur without good cause.

Exercise 1b: Parameters of the proposed ASI Programme

ASI Programme	ILO guidance	Recommended by the Ministry	TPC-LSS response
1. Coverage	Social Protection Floor Recommendation, 2012 (No. 202): universal coverage.	Those whose unemployment insurance benefits would have been exhausted or those not entitled to unemployment insurance, including workers who are considered the working poor or in the informal economy.	Those whose unemployment insurance benefits would have been exhausted or those not entitled to unemployment insurance, including workers who are considered the working poor or in the informal economy.
2. Financing	Recommendation No. 202 promotes solidarity in financing while seeking to achieve an optimal balance between the responsibilities and interests among those who finance and benefit from the social security system.	Funded by the State's budget.	Funded by the State budget.
3. Qualifying conditions	Social assistance programme to protect the suspension of earning due to the inability to obtain suitable employment, and in the case of a person protected who is capable of working, available for work (Convention No. 102) and actively looking for work (Convention No. 168).	Having no income or working part-time (earning less than the poverty line threshold).	Having no income or working part-time (earning less than the poverty line threshold).
4. Amount of benefit	Nationally defined (Recommendation No. 202).	A minimum income guarantee of COD800 plus a top-up to the poverty line if the person is working but earning less than the poverty line threshold.	At the level of the poverty line at the least, currently set at COD3,125.
5. Duration of benefits	Nationally defined (Recommendation No. 202).	Up to six months.	No limit.

Unemployment insurance element	ILO guidance	Recommended by the Ministry of Labour and Skills Development	TPC-LSS response
6. Ongoing entitlement conditions	Claimants must be capable of working, available for work and actively looking for work.	Recipients must actively search for a job; attend scheduled job interviews, counselling, information or training sessions; and follow all directives.	Recipients must actively search for a job; attend scheduled job interviews, counselling, information or training sessions; and follow all directives.
7. Suspension of benefits	Benefits could be reduced or suspended for a temporary or an indefinite period, if someone turns down suitable job offers, and/or leaves the territory (Convention No. 102).	Suspend the benefits of the unemployed worker when four job refusals of suitable employment occur without good cause.	Suspend the benefits of the unemployed worker when four job refusals of suitable employment occur without good cause.

Exercise 2a: List of potential institutions and the need for institutional enhancement for unemployment insurance scheme

Unemployment insurance functions	Potential institution	Alternate institution	Institutional enhancement
1. Ministry responsible for national policy coordination	Ministry of Labour and Skills Development		Already responsible for worker injury benefits and provides national guidance.
2. Registration of employers and collection of contributions	Department of Social Security	New department under Ministry of Labour and Skills Development	Possible single-window initiative for employers to pay contributions to one source. New upgraded computer systems.
3. Registration for employment by worker	JobsCoresiaNow	JobsCoresiaNow	Need to expand premises – would be ideal to provide single-window access for workers to apply for unemployment insurance and, at the same time, receive employment assistance.
4. Taking applications to claim benefits	Department of Social Security	New Department under Ministry of Labour and Skills Development	Possible single-window initiative for workers to apply for injury or unemployment insurance.
5. Processing claims for benefit – assessing, calculating, decision-making	Department of Social Security	New Department under Ministry of Labour and Skills Development	New staff and abilities required, such as good judgement research capabilities and new upgraded computer systems.
6. Making payment	Department of Social Security	New Department under Ministry of Labour and Skills Development	Possible single-window initiative for payment of benefits.
7. Ongoing monthly entitlement interviews	JobsCoresiaNow	JobsCoresiaNow	JobsCoresiaNow to have prominent role in ensuring unemployment insurance recipients meet ongoing requirements and also provide effective employment assistance. Need for expansion and upgraded computer systems.

Exercise 2a: List of potential institutions and the need for institutional enhancement for the non-contributory income-support ASI Programme

Functions	Potential institution	Alternate institution	Institutional enhancement
1. Ministry responsible for national policy coordination	Ministry of Women and Social Welfare		
2. Funding requirements	Ministry of Women and Social Welfare	Ministry of Labour and Skills Development	Sufficient funding from government involving the Ministry of Finance.
3. Identification of potential recipients	Department currently managing the MIGC Programme (renamed ASI Department)	JobsCoresiaNow	Electronic links with the Coresian Empowerment for All Programme, which had a registered database of 41,724 rural households in 2015.
4. Processing requests for ASI payments: assessing, calculating, decision-making	ASI Department	JobsCoresiaNow	If under the JobsCoresiaNow, will require new staff and an electronic computer system.
5. Payment of benefit	ASI Department	Department of Social Security	Single window of payment with the Department of Social Security – close electronic linkages.
6. Counselling for new job	JobsCoresiaNow	JobsCoresiaNow	Better internet connection and accessibility strategies for rural workers and the poor.
7. Ongoing entitlement	ASI Department	JobsCoresiaNow	Creation of investigation and control activities with proper penalties for those who commit fraud or abuse the scheme.

Exercise 3: Inventory of key elements in the proposed legal framework

Refer to the Annex for an inventory of key elements in a proposed legal framework and adapt it to the proposed unemployment insurance scheme and the ASI legal frameworks.

Exercise 4: Possible scenarios of options

Recommendations R1 and R2 were translated into the following scenarios:

- Scenario U1-1: Implement an unemployment insurance scheme that will cover unemployed workers with minimum 12 months of unemployment insurance contribution and irrespective of contract duration. Only those with involuntary termination will receive unemployment benefits at 50 per cent replacement rate of their last earning, for up to six months.
- Scenario U1-2: Implement an unemployment insurance scheme that will cover unemployed workers with minimum 12 months of unemployment insurance contribution and irrespective of contract duration. Those with involuntary termination will receive a benefit at 60 per cent replacement rate of their last earning, for up to six months while those with voluntary termination will receive a benefit at a 30 per cent replacement rate of last earning, for up to three months.
- Scenario U2-1: Status quo MIGC Programme (for comparison with the ASI Programme).
- Scenario U2-2: Introduce the ASI Programme, which includes a financial incentive to return to work, in addition to the minimum income guarantee now set at COD800.

Exercise 5: Projected cost of achieving basic income security for unemployed workers in low and high scenarios

Scenario U1-1: Implement an unemployment insurance scheme that will cover unemployed workers with minimum 12 months of unemployment insurance contribution and irrespective of contract duration. Only those with involuntary termination will receive unemployment benefits at 50 per cent replacement rate of their last earnings, for up to six months.

Scenario U1-2: Implement an unemployment insurance scheme that will cover unemployed workers with minimum 12 months of unemployment insurance contribution and irrespective of contract duration. Those with involuntary termination will receive benefit at 60 benefit replacement rate of their last earnings, for up to six months, while those with voluntary termination will receive benefits at 30 per cent replacement rate of their last earnings, for up to three months.

Assumptions:

- The take-up rate of new unemployment insurance scheme will catch up with the forecasted social security system coverage in three years.
- The average unemployment insurance benefit (based on average wage COD8,650 for those leaving the Department of Social Security between 2013 and 2015) will grow at an annual average wage increase (assumed to be constant at 4.3 per cent, as estimated in the ECO sheet of the costing model for 2016–24).
- The average unemployment insurance claim duration is based on the average unemployment duration and is will remain constant over the years (because the unemployment rate in the ECO sheet is forecasted to be constant at 4.7 per cent).
- The percentage of people active unemployed under the social security system will be the same as the percentage of the economically active population under the social security system (at 39 per cent, according to Department of Social Security data).
- The percentage of active unemployed who used to work in the formal economy before is calculated based on the proportion of (active or non-active) unemployed who used to work in the formal economy before (69 per cent from the LFS) and the proportion unemployed who have been actively seeking work (77.4 per cent from the LFS).
- The number of beneficiaries (with valid unemployment insurance claim) is calculated as the percentage of insured active unemployed with at least 12 months of contribution and without a

job within seven days who are involuntarily unemployed, for example, multiplying the target group with the proportion of unemployed who have involuntarily left their jobs (18 per cent voluntarily left their job, so 82 per cent were terminated involuntarily, according to the LFS) times the proportion of job leavers younger than the retirement age with at least 12 months contributions between 2013 and 2015 (39.7 per cent, according to Department of Social Security data), times the proportion of unemployed who did not find a job within seven days (5.2 per cent found a job within seven days, according to the LFS, so 94.8 per cent did not).

- All these assumptions about the compositional characteristics of the labour force will be constant for the period 2013–14 to 2024.
- The average unemployment insurance claim duration will be the same for the voluntarily unemployed and the involuntarily unemployed.
- The average wage of the social security-insured workers is similar to the national average wage; the average wage of social security-insured workers leaving the social security system is provided by the Department of Social Security (ECO sheet of the costing model).

Scenario U2-1: Status quo MIGC programme (for comparison purpose with the ASI Programme).

Scenario U2-2: Introduce the ASI Programme, which includes a financial incentive to return to work, in addition to the minimum income guarantee now set at COD800.

Assumptions for scenarios U2-1 and U2-2:

- Only one third of unemployed workers who used to work before and were involuntarily laid off receive severance pay, which disqualifies them from receiving the MIGC benefit (source: trade union association's survey).
- The voluntarily unemployed (18 per cent, according to the LFS) will have no income from any work and all will qualify for the MIGC benefit.
- The take-up rate for the MIGC Programme is calculated from the number of recipients in 2016 (1,089,652) divided by the MIGC target population (economically active population with zero income). This will be constant until 2024.
- The average MIGC benefit is calculated based on the COD13 billion of total MIGC benefits disbursed to 1,089,652 recipients (excluding dependants) in 2016. This will be constant (non-indexed) over time.
- The take-up rate for the ASI Programme ("basic income only" and "basic income + differential allowance") is based on the MIGC Programme take-up rate.
- As much as 20 per cent of the ASI recipients will prefer not to work and receive the ASI basic income, based on an ISER study conducted in 2015.
- Under the new ASI rules, the benefit is suspended if the recipient refuses a suitable employment more than four times. Thus, the ASI Programme's basic income + differential allowance will be more attractive than the ASI basic income only (take-up rate of the ASI basic income will decrease by 1 per cent every year as will the benefit of the ASI basic income + differential allowance).

Table 1.3: Results of the costing exercise for a new unemployment insurance scheme and non-contributory income protection programme

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Scenario UI1-1: New UI scheme with 50% replacement rate for involuntarily unemployed (Government's proposal)										
Cost of Scenario (COD million)	0	0	758	1 111	1 328	1 495	1 602	1 716	1 835	1 963
Cost as % of GDP	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Combined employer-employee contribution rate (%)	0.00	0.00	0.43	0.61	0.70	0.73	0.73	0.73	0.73	0.73
Scenario UI1-2: New UI scheme with 60% replacement rate for involuntarily unemployed, 30% for voluntarily unemployed (social partners' proposal)										
Cost of Scenario (COD million)	0	0	1 009	1 479	1 769	1 991	2 133	2 285	2 444	2 613
Cost as % of GDP	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Combined employer-employee contribution rate (%)	0.00	0.00	0.58	0.81	0.93	0.97	0.97	0.97	0.97	0.97



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Our vision is to have a fully employed workforce through a combination of labour policies and income-support measures.

Suon Yimi
Prime Minister of Coresia

CASE STUDY NO. 2: INTRODUCING EMPLOYMENT INSURANCE LINKED WITH ACTIVE LABOUR MARKET POLICIES IN CORESIA

Designing and implementing a new employment insurance scheme

Unemployment insurance or employment insurance schemes are part of a comprehensive plan by the Government of Coresia to protect unemployed workers, promote employment and facilitate mobility in the labour market.

Some countries have adopted the name “employment insurance” instead of the traditional “unemployment insurance”, such as Canada, Japan and the Republic of Korea. This title emphasizes the coordination of unemployment protection with employment promotion through various active labour market policies and programmes. Additionally, the coordination of employment promotion and unemployment protection is pursued by many other countries, like Denmark, France and Germany. An employment insurance scheme that emphasizes active labour market policies in addition to income support offers a large range of options for facilitating workers’ return to employment. The establishment of mobility assistance under an employment insurance scheme for anyone who wants to find work in a distant locality within the country, is one example of support measures to quicken the return to work and develop a country’s economy (see Module 2 of this manual for more examples of active labour market programmes).

A key challenge for Coresia is to cope with cyclical unemployment, either due to downturns of the economy in response to the volatility of international markets or to natural disasters, such as seasonal floods and typhoons. Under such circumstances, temporary and periodical unemployment benefits, as recommended by ILO Conventions, provide only a partial response. If a new employment insurance scheme is approved and implemented in Coresia, there would be strong requirement for close links between the unemployment insurance benefits and the active labour market measures to encourage workers to find and keep suitable employment. For this reason, the new employment insurance scheme will fall under the responsibility of the MOLSD. And the Government will combine the employment insurance scheme and JobsCoresiaNow into an effective entity to provide temporary benefits and efficient instruments to help individuals return to work.

Designing and implementing active labour market programmes

The Government wants to establish a close link between employment insurance benefits and active labour market programmes. Coresia is already carrying out substantial and dynamic programmes and measures that should prove sufficient for such linking in the future. Thus, the task for the employment insurance scheme will be to link effectively with the existing tools and instruments, both public and private, so that jobseekers can secure suitable employment as soon as possible. This will benefit workers and the employers who hire them by increasing the likelihood that such employees will be more productive and provide a certain amount of economic security.

Some of the innovative active labour market programmes that could be considered by Coresia are:

- Measures to assist unemployed workers in finding work as quickly as possible, such as mobility assistance.
- Compensation by the employment insurance scheme for loss of income to jobseekers who return to work on a part-time basis while continuing to search for full-time employment or enrolling in re-training programmes.
- Employment retention programme – employers who are facing a temporary business slowdown (due to an economic shock and/or natural disaster) will be allowed to put their workforce on reduced work hours while the employment insurance scheme compensates their workers through partial unemployment insurance benefits (also called wage subsidies); this allows employers to resume full operations as soon as their business picks up without having to recruit and train new staff; however, it requires concurrence from the workers and is usually of limited duration.
- Workshops developed by collaborating departments to enhance worker employability.
- Financial incentives to employ and create jobs for groups at high risk of unemployment (long-term unemployed workers, young people, people with disabilities, female workers returning to work after long child-care periods, senior workers, among others).

In Coresia, there exist great geographic disparities in unemployment. Unemployment is high in the northern rural areas, often affected by floods, while labour shortages afflict cities along the southern Janto industrial belt. The mobility assistance aims to remove the mobility barriers and provide incentives for unemployed workers and first-time jobseekers to relocate to stronger labour markets. The scheme currently considered by the Coresia Department of Labour involves a fixed lump-sum payment for travel, removal and resettlement expenses. To qualify for assistance, an individual is required to move “far enough”, such as beyond a minimum distance or minimum travel cost between the origin and destination locations, to a place with sufficient demand for labour. Future applicants to the mobility allowance would not necessarily be those who will contribute to the future employment insurance scheme under the social security system.

To limit hiring and training costs due to economic and/or natural crisis, employers are asking the Government to consider some temporary financial support to help keep employees in their enterprise. For the active labour market programmes, there are a few departments that could potentially manage the selection and referral of beneficiaries, notably the Department of Labour, the Department of Social Security and JobsCoresiaNow.

The way forward

The Government established a Tripartite Project Committee for Labour and Social Security (TPC-LSS) to design the proposed new unemployment insurance scheme and the Active Solidarity Income (ASI) Programme. The committee comprises government officials from the Ministry of Labour and Skills Development and the Ministry of Women and Social Welfare, along with representatives from workers’ and employers’ organizations, informal economy workers and social security experts.

During a recent TPC-LSS meeting, all participants emphasized that unemployment insurance benefits should be linked to active labour market programmes. This would further promote sustainable and decent employment as well as the establishment of a social protection floor in Coresia. The tripartite participants largely discussed two initiatives in particular: the mobility assistance and employment retention programme.

The mandate of the tripartite committee is to decide on the most effective scheme that **links employment insurance with active labour market programmes** and present their findings at a national forum with all stakeholders in the capital city. At the initial meeting of the tripartite committee, the participants endorsed the establishment of such a system as a priority for strengthening the social security net, with three items designated high priority:

1. Initial design and potential costs of the proposed employment insurance and active labour market programmes: determination of the employment insurance parameters, including mobility assistance to those who want to find work in a distant locality within the country, and wage subsidies for retaining employment in the formal economy.
2. Reinforcing inter- and intra-ministerial coordination for the implementation of the proposed employment insurance scheme and links with existing active labour market programmes.
3. Determining if the termination payments under the Labour Protection Act will delay the start date of the claim for unemployment insurance benefits or if it should be progressively phased out after the introduction of the employment insurance scheme.



Case study exercises

Exercise 1: Map existing provisions and identify gaps in unemployment protection (Module 3)

The members of your case study group are members of the TPC-LSS who attend its meetings. Because the TPC-LSS is a tripartite multistakeholder group, you may choose to assume the role of a stakeholder (representing the Government, employers' organizations or trade unions) during the discussion. With this in mind, complete the assessment matrix provided:

- map the existing policies and schemes to protect unemployed and underemployed workers; and
- identify gaps and propose recommendations or a range of options to improve employment protection, on the basis of the details provided for the case study.

There is an additional column for inserting recommendations or range of options concerning the parameters of a new employment insurance scheme that links with existing active labour market programmes. This range of options will be discussed and agreed upon by the TPC-LSS. Your group will deal with the development of an employment insurance scheme and establish a close link between the unemployment benefits and the ALMPs for Coresia.

Exercise 2: Map existing institutions and identify possible institutional set-up (Module 4)

At the second meeting of the TPC-LSS, your group is asked to map all existing institutions that could potentially fulfil one or several functions when implementing the proposed recommendations. Please also determine the possible need for enhancing the capacity of existing institutions or discuss the establishment of new institutions, if required.

Exercise 3: Draft the legal framework (Module 5)

At the third meeting of the TPC-LSS, your group is requested to prepare an inventory of key elements that should be included in the draft legal documents, in accordance with the ILO Conventions and Recommendations.

Exercise 4: Translate a range of options into scenarios of options (Module 6)

This is the fourth meeting of the TPC-LSS. You are invited to translate the recommendations or range of options identified by your group during the previous meetings into three scenarios of options.

Exercise 5: Estimate the cost of each scenario (Module 6)

At the fifth meeting of the TPC-LSS, your group is asked to calculate the cost of implementing each scenario, by taking into consideration the proposed institutional set-up. You may have to build additional assumptions to project the cost until 2024.

Assumptions for costing (for facilitators to provide to their groups)

The most recent Labour Force Survey (LSF) of Coresia reported that among workers declared unemployed, an average of 69 per cent used to work in the formal economy between 2013 and 2015. The poverty rate among the economically active, employed and unemployed workers for the same period was estimated at an average of 8.7 per cent.

The LFS distinguished unemployed workers between the following two categories:

1. Active unemployed referred to those who did not work during the reference week but were available for work and actively looking for work.
2. Non-active unemployed included the following categories:
 - a. people who did not look for work because they believed no work was available or they were not qualified;
 - b. people who might otherwise seek employment due to illness or bad weather;
 - c. people who were waiting for job applications result; and
 - d. people who had looked for work before the reference week.

The LFS reported that an estimated average of 77.4 per cent were actively looking for a job between 2013 and 2015, whether they used to work before or not.

The LFS also found that 5.2 per cent of workers becoming unemployed had found a job within the first seven days after losing their employment. Finally, the LFS indicated that 18 per cent of unemployed workers had left their jobs voluntarily, without good reason.

In 2015, the Department of Social Security reported that nearly 14.6 million employees (or 39 per cent of the economically active population) were covered by the four schemes of the social security system. It is assumed that three years after its launch, the employment insurance scheme will catch up with the social security system coverage rate.

The average monthly wage of insured workers, as reported by the Department of Social Security in 2015, was COD10,043. Similarly, the average monthly wage of those who had left the social security system during the past three years (2013–15) was COD8,650.

The data collected by the Department of Social Security show that only 39.7 per cent of job leavers younger than 65 years (retirement age) had 12 or more months of contributions over the past three years (2013–15).

The following table, extracted from the Department of Social Security data, displays the distribution of the qualified individuals according to how long they had worked in the previous 24 months. The average unemployment duration was approximately 1.8 months.

Table 2.1: Distribution of qualified workers for unemployment insurance, by how long they had worked in the previous 24 months, 2015

Contribution period (months)	Qualified claimants (%)	Entitlements (months)	Average claim duration (months)	Total unemployment benefits for 100 persons (months)
12	45	3	1.46	65.7
16	23	4	1.81	41.63
20	18	5	2.19	39.42
24	14	6	2.46	34.44
Total	100			181.19
Average claim duration				1.812

It is assumed that the proportion of active unemployed workers and those unemployed who used to work in the formal economy as well as those who are losing their job involuntarily and find a job within seven days, remain constant over the next seven years.

On the other hand, it is expected that the coverage of the social security system will constantly increase at an annual rate of 2.5 per cent over the next ten years, with a constant annual wage increase of 4.3 per cent. Aggregate insured earnings of contributors amounted to COD145,965 million in 2015 and increases according to the growth rates of the average wage and the number of the social security system contributors.

About 1,000 unemployed workers from the formal and/or informal economy are assumed to receive mobility assistance in the first year of implementation, with a constant 2.5 per cent increase in take-up over the next ten years. Mobility assistance allowance for travel, removal and resettlement expenses is assumed to be equivalent to three months of the minimum wage (at COD6,000 per month). Applicants are eligible only once a year.

LSF data show that in 2015 only 5 per cent of unemployed workers were laid off within the formal economy due to cyclical or temporary economic downturn and/or natural disaster. The employment retention programme will be available for those who have contributed at least 12 months to the future employment insurance scheme (assumed to be 39.7 per cent of job leavers who have contributed to the social security system).

The TPC-LSS decided that the employment retention programme will subsidize the wages of employees at risk of losing their job due to economic and/or natural crisis, at 50 per cent for a maximum of six (continuous or intermittent) months per year. The subsidy will be covered by the employment insurance fund.

Case study No. 2: Discussions



Exercise 1a: Assessment matrix: Mapping of the existing programmes, identified gaps and proposed recommendations

The detailed assessment matrix for mapping existing programmes and identifying gaps and implementation issues is presented in the Annex. The following matrix is to be read in conjunction with the mapping matrix.

Vision of the Government: Establishing close links between employment insurance and active labour market programmes	
Existing provisions	Recommendations
Labour Protection Act	(*) R1: Improve unemployment protection by introducing a new unemployment insurance scheme that strongly promotes return to work (employment insurance scheme).
Programmes and services implemented by the Ministry of Labour and Skills Development	(Δ) R2: Redesign job portal based on user feedback and private sector involvement. Electronic linkages need enhancements.
JobCoresiaNow centres	(Δ) R3: Increase number of staff in remote locations. More effective use of internet and upgrade speed.
Vocational Training Institutes	(*) R4: Introduce a mobility assistance allowance to encourage people to move to other localities with jobs available.
CEFAP-Training and Job Placement	(Δ) R5: Establish a committee to coordinate all departments providing training. New committee to determine a viable screening and referral process.
Private training providers under the Department of Skills Advancement	(Δ) R6: Improve links between training providers and JobCoresiaNow.
Microfinance and Enterprise Development	(Δ) R7: Improve links with business counselling and related training providers.
Coresian Skills Fund (CSF) (gives financial grants to contracted training providers)	(*) R8: Improve links between CSF services and the future beneficiaries of the employment insurance scheme, in particular support to start own entrepreneurship.
Coresian Empowerment for All Programme (CEFAP)	(Δ) R9: Improve CEFAP's administration to gradually reach all rural poor households.
	(Δ) R10: Explore ways to improve coordination among government and implementing agencies and linking all databases.
	(Δ) R11: Conduct training for local administration bodies.

Note: Two types of recommendations were formed: (*) designates the provision of additional benefit or increase of coverage that leads to costs that can be calculated using the Rapid Assessment Protocol; (Δ) designates requirement for detailed studies or can be implemented through specific technical cooperation projects.

Exercise 1b: Parameters of a proposed employment insurance and active labour market programme-linked scheme

Unemployment insurance element	ILO guidance	Recommended by the Ministry	TPC-LSS response
1. Coverage	ILO Convention No. 102 requires 50% coverage of all employees, while Convention No. 168 stipulates 85%.	All private sector employees under a contract of service, including migrant workers and public employees. Excluded: apprentices, domestic workers and armed forces.	All private sector employees under a contract of service, including migrant workers, apprentices and domestic workers. Excluded: armed forces and civil service.
2. Financing	Convention No. 102 stipulates that there should be collective financing of unemployment insurance and that insured workers should not pay for more than half of the costs of the scheme. Also, the State should be the guarantor of shortfalls.	Employers and workers share in financing – 1% for each, for a total of 2%.	Employers and workers share in financing, at 0.5% for each for a total of 1%. active labour market programme measures will be funded by the government budget.
3. Qualifying conditions	Conventions No. 102 and No. 168 both allow for a reasonable qualification period.	24 consecutive months in a 36-month period.	12 consecutive months in a 24-month period prior to termination.
4. Amount of benefit	Convention No. 102 prescribes a minimum benefit rate of 45% of previous earnings and Convention No. 168 raises that minimum to a rate of 50%.	40% of average contributory wages.	50% of average contributory wages.
5. Duration of benefits	Convention No. 102 prescribes 13 weeks.	Two months.	Three to six months.
Active labour market programme benefits		Access to active labour market programmes under certain conditions (must match skills and experiences, limited duration, etc.).	Access to all active labour market programmes without conditions.
Mobility assistance benefits		Include a flat benefit to cover expenses caused by transfer to other locality in the country.	Include a compensation for expenses caused by transfer plus compensation for loss of the spouse's earning in the household.

Unemployment insurance element	ILO guidance	Recommended by the Ministry	TPC-LSS response
6. Ongoing entitlement conditions		Employment insurance recipients must be capable of working, available at all times and actively looking for work. They must follow all directives and attend scheduled job interviews, counselling, information or training sessions.	Employment insurance recipients must be capable of working, available at all times and actively looking for work. They must follow all directives and attend scheduled job interviews, counselling, information or training sessions.
7. Job refusals	Consequences of job refusals: If someone turns down two suitable job offers, the benefit could be reduced or payment suspended for a temporary or indefinite period. Convention No. 168 agrees with these requirements.	Suspend the benefits of an unemployed worker when four job refusals of suitable employment occur without good cause.	Suspend the benefits of an unemployed worker when two job refusals of suitable employment occur without good cause.

Exercise 2: List of potential institutions and the need for institutional enhancement for the new unemployment insurance scheme

Unemployment insurance functions	Potential institution	Alternate institution	Institutional enhancement
1. Ministry responsible for national policy coordination	Ministry of Labour and Skills Development		Already responsible for worker injury benefits and provides national guidance.
2. Registration of employers and collection of contributions	Department of Social Security	New department under Ministry of Labour and Skills Development	Possible single-window initiative for employers to pay contributions to one source. New upgraded computer systems.
3. Registration for employment by worker	JobsCoresiaNow	JobsCoresiaNow	Need to expand premises – would be ideal to provide single-window access for workers to apply for unemployment insurance and, at the same time, receive employment assistance.
4. Taking applications for benefit	Department of Social Security	New Department under Ministry of Labour and Skills Development	Possible single-window initiative for workers to apply for injury or unemployment insurance.
5. Processing claims for benefit – assessing, calculating, decision-making	Department of Social Security	New Department under Ministry of Labour and Skills Development	New staff and abilities required – such as good judgement research capabilities and new upgraded computer systems.
6. Making payment	Department of Social Security	New Department under Ministry of Basic and Higher Education	Possible single-window initiative for payment of benefits.
7. Ongoing monthly entitlement interviews	JobsCoresiaNow	JobsCoresiaNow	JobsCoresiaNow to have prominent role in ensuring that unemployment insurance recipients meet ongoing requirements and also provide effective employment assistance. Need for expansion and upgraded computer systems.
8. Job-matching services	JobsCoresiaNow	JobHighway	Enhanced job portal with user feedback through surveys.
9. Mobility assistance	Department of Labour	JobsCoresiaNow	

Unemployment insurance functions	Potential institution	Alternate institution	Institutional enhancement
10. Selection and referral to training	Department of Social Security (Return to Work Department)	JobsCoresiaNow	Need a simplified and effective system on a voluntary basis.
11. Approval of training providers and training courses	Department of Skill Advancement		
12. Provide training	Various		Should encourage employers to collaborate with departments to provide formalized training.

Exercise 3: Inventory of key elements in the proposed legal framework

Refer to the Annex for an inventory of key elements in a proposed legal framework and adapt it to the unemployment protection organization.

Exercise 4: Possible scenarios of options

- Scenario E1-2: Implement employment insurance scheme with benefits tied to active labour market programmes – in this scenario, mobility assistance – for the eligible unemployed contributors at 50 per cent replacement rate of their last earnings. Mobility assistance allowance for travel, removal and resettlement expenses set to amount to three months of minimum wage. (Scenario E1-1 calculates the cost of providing only unemployment insurance benefits without linking it to active labour market programmes as a comparison).
- Scenario E1-3: Implement employment insurance scheme with benefits tied to active labour market programmes – in this scenario, mobility assistance and self-employment loans – for the eligible unemployed contributors at 50 per cent replacement rate of their last earnings. Mobility assistance allowance for travel, removal and resettlement expenses set to amount to three months of minimum wage. Average self-employment loans are COD200,000 and are indexed to the inflation rate.
- Scenario E1-4: Subsidize half of the cost of the employment insurance scheme with benefits tied to the active labour market programmes – in this scenario, mobility assistance and self-employment loans – for the eligible unemployed contributors at 50 per cent replacement rate of their last earnings. Mobility assistance allowance for travel, removal and resettlement expenses set to amount to three months of minimum wage. Average self-employment loans are COD200,000 and are indexed to inflation rate.

Exercise 5: Projected cost of achieving basic income security and employment protection for unemployed workers in low and high scenarios

Scenario E1-2: Implement employment insurance scheme with benefits tied to active labour market programmes – in this scenario, mobility assistance – for the eligible unemployed contributors at 50 per cent replacement rate of their last earnings.

Scenario E1-3: Implement employment insurance scheme with benefits tied to active labour market programmes – in this scenario, mobility assistance and self-employment loans – for the eligible unemployed contributors at 50 per cent replacement rate of their last earnings.

Scenario E1-4: Subsidize half of the cost of the employment insurance scheme with benefits tied to active labour market programmes – in this scenario, mobility assistance and self-employment loans – for the eligible unemployed contributors at 50 per cent replacement rate of last earning.

Assumptions:

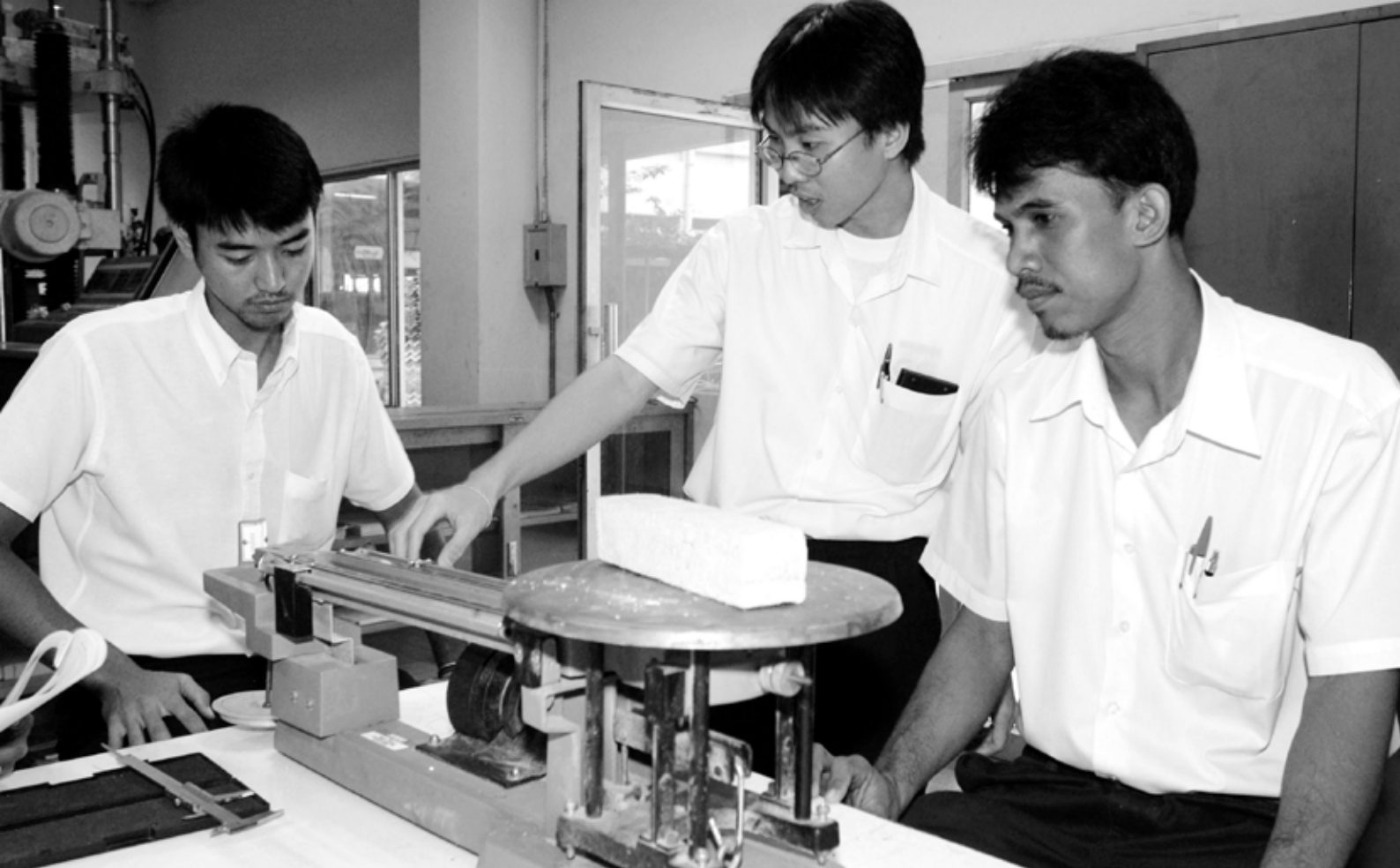
- The take-up rate of the new unemployment insurance scheme will catch up with the forecasted social security system coverage in three years.
- The average unemployment insurance benefit (based on the average wage of COD8,650 for those leaving the Department of Social Security between 2013 and 2015) will grow at an annual average wage increase (constant at 4.3 per cent, as estimated in ECO sheet for the years 2016–24).
- The average unemployment insurance claim duration is based on the average unemployment duration and will be constant over time (because the unemployment rate in the ECO sheet is forecasted to be constant at 4.7 per cent).
- The percentage of people active unemployed under social security is the same as the percentage of economically active population under social security (at 39 per cent, according to the Department of Social Security).
- The percentage of active unemployed who used to work is calculated based on the proportion of (active or non-active) unemployed who used to work (at 69 per cent, according to the LFS

findings) and the proportion unemployed who have been actively seeking work (at 57.4 per cent, according to the LFS findings).

- The number of beneficiaries (with valid unemployment insurance claim) is calculated as the percentage of insured active unemployed workers, with at least 12 months of contribution and without a job within seven days who are involuntarily unemployed. It is obtained by multiplying the targeted group by the proportion of unemployed workers who involuntarily left their jobs (82 per cent, or 100 per cent minus 18 per cent, according to the LFS findings) times the proportion of job leavers younger than retirement age with at least 12 months contributions between 2013 and 2015 (at 39.7 per cent, according to the LFS findings), times the proportion of unemployed workers who did not find a job within seven days (94.8 per cent, or 100 per cent minus 5.2 per cent, according to the LFS findings).
- All these assumptions on the compositional characteristics of the labour force will be constant over time.
- The average unemployment insurance claim duration will be the same for the voluntarily unemployed and the involuntarily unemployed workers.
- The employer-employee contribution rate is calculated as the total cost of unemployment insurance benefits divided by the aggregate insured earnings of contributors. Aggregate insured earnings of contributors amounted to COD487,560 million in 2015 and will increase according to the growth rate of the average wage (4.3 per cent) and the number of social security contributors (2.5 per cent).
- The take-up rate of the mobility assistance is based on 1,000 unemployment insurance recipients for 2015, with an annual growth rate of 2.5 per cent.
- The mobility assistance allowance for travel, removal and resettlement expenses will be equivalent to three months of the minimum wage (at COD6,000 per month).
- The LFS findings show that 5 per cent of people unemployed who used to work in the formal economy are cyclical unemployed due to natural disaster or economic crisis. Because the national unemployment rate will be constant after 2015, the proportion of beneficiaries under the retention programme will also be constant, at 10 per cent.
- The monthly average wage of the beneficiaries of the employment retention programme is similar to the average wage of those leaving the social security system.
- Wages under the employment retention programme are subsidized by the employment insurance scheme, at 50 per cent for a maximum of six (continuous or intermittent) months per year.

Table 2.2: Results of the costing exercise for a new employment insurance scheme

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Scenario EI1-1: New UI scheme with 50% replacement rate for involuntarily unemployed										
Cost of Scenario (COD million)	0	0	758	1 111	1 328	1 495	1 602	1 716	1 835	1 963
Cost as % of GDP	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Combined employer-employee contribution rate (%)	0.00	0.00	0.43	0.61	0.70	0.73	0.73	0.73	0.73	0.73
Scenario EI1-2: New UI scheme with 50% replacement rate for involuntarily unemployed + mobility assistance										
Cost of Scenario (COD million)	0	0	777	1 139	1 362	1 533	1 643	1 760	1 883	2 014
Cost as % of GDP	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Combined employer-employee contribution rate (%)	0.00	0.00	0.43	0.61	0.70	0.73	0.73	0.73	0.73	0.73
Employer contribution (ALMPs) (%)	0.00	0.00	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Scenario EI1-3: New UI scheme with 50% replacement rate for involuntarily unemployed + mobility assistance + employment retention programme										
Cost of Scenario (COD million)	0	0	939	1 391	1 698	1 912	2 049	2 194	2 347	2 511
Cost as % of GDP	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Combined employer-employee contribution rate (UI+ALMPs) (%)	0.00	0.00	0.54	0.76	0.89	0.93	0.93	0.93	0.93	0.93
Combined employer-employee contribution rate (UI) (%)	0.00	0.00	0.43	0.61	0.70	0.73	0.73	0.73	0.73	0.73
Employer contribution (ALMPs) (%)	0.00	0.00	0.10	0.15	0.19	0.20	0.20	0.20	0.20	0.20
Scenario EI1-4: New UI scheme with 50% replacement rate for involuntarily unemployed + Mobility Assistance + Self-employment loans (50% subsidy)										
Cost of Scenario (COD million)	0	0	2 218	2 390	2 534	2 685	2 843	3 009	3 183	3 365
Cost as % of GDP	0.00	0.00	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
50% of Total Cost as % of Govt. Expenditure	0.00	0.00	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04
50% of Total Cost as Combined employer-employee contribution rate (%)	0.00	0.00	0.21	0.23	0.24	0.26	0.27	0.29	0.31	0.32



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Our youth is the future of our country
and that is the driver behind the
policy to promote youth employment.

Suon Yimi
Prime Minister of Coresia

CASE STUDY NO. 3: PROVIDING INCOME SUPPORT AND EMPLOYMENT GUARANTEE TO THE YOUTH IN CORESIA

The Government of Coresia defines youth as people aged 15–24 years. There were 9,042,653 young people in the country in 2015, of which 4,224,667 were economically active. Among the economically active youths, 16.2 per cent were unemployed and actively looking for work, while 83.8 per cent were employed or apprentices, of which 23.5 per cent were underemployed. In the aftermath of the recent global economic crisis, the unemployment rate among young Coresians increased significantly because they were the first to be laid off. In addition, many graduates are unable to find suitable employment within six months of graduating. Youth unemployment was estimated at more than 30 per cent of in 2015.

The Government strongly believes that unemployment is an ingredient that can lead to overdependence on social welfare, anti-social behaviour, criminal activities and social unrest, all of which are detrimental to national stability and economic growth.

With this in mind, the Government's National Ten-Year Plan (2010–19) promotes “employment, freedom and social justice” to ensure a “better economic future” for youth. It recognizes that the transition from school to work is a challenge for young people and that specific measures are needed to aid in this transition. Youth need vocational training to be prepared for jobs, guidance in choosing and securing a suitable career and financial support to ensure that they do not fall into the poverty traps. Without proper public support structures, not all young people will find a suitable job that meets their expectations, and they may end up underemployed. As Prime Minister Suon Yimi pointed out, investing in young people is equivalent to investing in the future of the country.

In addition, young people have often complained that the existing non-contributory programmes (Rural Engagement and Development of Infrastructure (READI), Coresian Empowerment for All Programme (CEFAP), Minimum Income Guarantee of Coresia (MIGC)) were not designed to respond to their needs.

Thus, the Government proposes a twofold strategy: (i) reinforce the Active Employment Policy Targeting Youth (AEPY) Programme and (ii) introduce targeted self-employment promotion programmes and enterprise development training for young people.

Reinforcing the Active Employment Policy Targeting Youth Programme

The AEPY Programme was initiated four years ago. Although the policy provides for a comprehensive set of benefits and services to young people looking for decent employment, it does not have the intended reach. The programme's implementing Department of Labour estimates that the actual number of people who deserve the AEPY facilities amount to four or five times their current reach. Many vulnerable young people, especially those living in remote areas, have been left out. There is an awareness and information problem, which has only been given attention in the past four months.

In an August 2015 report on the AEPY Programme, the ILO estimated that the benefit allowance given to participants and the graduation lump sum were inadequate to meet daily expenses and support their dependants. The ILO recommended that the allowances be increased to an amount that is in line with the general prices of goods and services in the country. The ILO also note that it may be necessary to consider a larger allowance in cities and urban areas, where expenses are generally higher.

The report also suggested that the AEPY training courses be updated with current labour market demands and the skill requirements of the target population. Different regions of the country have different job and training needs, and the courses need to be adjusted accordingly. At present, the Youth Employment Centres offer a

fairly homogenous set of training programmes and counselling services. This also points towards the institutional complexity of the AEPY Programme. Because the programme tries to attend to varying needs of participants through the mentors, an immense amount of coordination is required between different agencies and government bodies involved in managing the programme.

In addition to the AEPY training courses, there are many others run by private and public providers. But they are scattered, with no unified office or website that maintains information on different training providers and courses. Potential beneficiaries cannot compare the different courses to decide which one to take up. Even the JobsCoresiaNow portal does not contain any information about training. Also, the JobsCoresiaNow website is not popular among youth in northern rural areas due to poor internet connectivity.

The subnational government bodies that are involved in the administration of employment-related and social protection programmes claim that they do not have adequate human resources and infrastructure. The lack of resources and institutional capacity also makes it difficult to increase awareness of programmes among people, conduct registration campaigns, monitor the beneficiaries and address complaints.

Youth self-employment and enterprise development

Failing to enter the formal employment economy, many young people are forced to enter the informal or self-employment economy to make ends meet. Lacking alternative employment opportunities, young people in rural areas are especially at risk of engaging in low-productivity or subsistence farming as a form of self-employment.

The rate of youth entrepreneurship is also extremely low, at 3.6 per cent of all economically active youth. Without adequate entrepreneurial skills (business financial literacy) and availability of credit from financial institutions, few young people manage to build a sustainable business for long-term employment and income security. A recent Labour Force Survey (LFS) revealed that despite the low rate of youth entrepreneurship, as many as 37.8 per cent of young people indicated their interest in starting their own business.

To promote an entrepreneurship culture among youth, the Ministry of Basic and Higher Education is considering a course on business awareness as part of the national curriculum in secondary schools. As a potential tool, the Ministry is exploring the ILO Know About Business (KAB) international programme. The KAB targets young students aged 15–18 years and comprises 80–120 hours of lectures and coursework to raise awareness and disseminate practical knowledge on enterprises and self-employment as a viable career alternative for young people.

The Microfinance and Enterprise Development (MED) Programme administered by the Department of Small and Medium Enterprises has been criticized for its low participation rate among rural youth. The MED set-up is not conducive for youth participation, such as the use of self-help groups, the prerequisite of financial capital to pool resources and having to act as loan guarantors for other members. Instead of relying on financial institutions, the Government can step in to provide interest-free micro loans to young people with viable business plans. Financial assistance for a business start-up is already a possibility for AEPY graduates and under CEFAP's Self-Employment Assistance Programme (CEFAP-SEAP) for youth who are poor, but this has been underutilized. Similarly, micro loans for business ventures were originally intended to be disbursed by the Coresian Skills Fund (CSF) along with job-related grants, but this function has yet to be realized. Working together, the MED Programme or CSF can take over the loan administration while the AEPY, via the Vocational Training Institutes and Department of Skills Advancement, can encourage more training modules on enterprise creation and business management. Micro loans can be made conditional to youth participants graduating from related business courses and successfully submitting a viable business plan at the end of their training.

The way forward

A recent meeting on enhancing youth employability and securing their future brought together representatives from the Government, line ministries, workers' and employers' organizations, youth associations and development partners along with experts in the field of employment and social security to discuss the current youth employment situation and what needs to be done. The participants unanimously agreed to prioritize education and employment opportunities for young people and encourage enterprise development. This would further contribute to achieving the social protection floor.

For successful implementation of the social protection floor, a special team was created, comprising representatives from line ministries, workers' and employers' organizations, academia and development partners. This group, known as the Tripartite Project Committee for Labour and Social Security (TPC-LSS), is responsible for promoting youth employment and entrepreneurship in the country.

The committee's mandate includes proposing measures to **enhance skills acquisition, facilitate access to decent jobs and support enterprise creation among young people**. The committee is also to produce a situation analysis in addition to three high-priority tasks:

1. Increase benefits (in line with the consumer price index) and attractiveness of facilities under the AEPY Programme.
2. Introduce micro loans and business training for young people for enterprise creation.
3. Improve inter- and intra-coordination mechanisms for the combined implementation of the schemes.



Case study exercises

Exercise 1: Map existing provisions and identify gaps in unemployment protection (Module 3)

The members of your case study group are members of the TPC-LSS who attend its meetings on the youth guarantee for their social and economic development. As a tripartite multistakeholder group, you may choose to assume the role of a stakeholder (representing the Government, employers' organizations or trade unions) during the group discussion. With this mind, complete the assessment matrix provided:

- map the existing policies and schemes to protect unemployed and underemployed workers; and
- identify gaps and propose recommendations or a range of options to improve employment protection, on the basis of the details provided for the case study.

There is an additional column for inserting recommendations or a range of options concerning the parameters of the new unemployment insurance scheme that links with the AEPY Programme. This range of options will be discussed and agreed upon by the TPC-LSS. Your group will deal exclusively with the young population of Coresia.

Exercise 2: Map existing institutions and identify possible institutional set-up (Module 4)

At the second meeting of the TPC-LSS, your group is asked to map all existing institutions that could potentially fulfil one or several functions when implementing the proposed recommendations. Also, determine if existing institutions require capacity strengthening or if new institutions should be established, if required.

Exercise 3: Draft the legal framework (Module 5)

At the third meeting of the TPC-LSS, your group is requested to prepare an inventory of key elements that should be included in the draft legal documents, in accordance with the ILO Conventions and Recommendations.

Exercise 4: Translate a range of options into scenarios of options (Module 6)

This is the fourth meeting of the TPC-LSS. You are invited to translate the recommendations or range of options identified by your group during the previous meetings into three scenarios.

Exercise 5: Estimate the cost of each scenario (Module 6)

At the fifth meeting of the TPC-LSS, your group is asked to calculate the cost of implementing each scenario, by taking into consideration the proposed institutional set-up. You may have to build additional assumptions to project the cost until 2024.

Assumptions for costing (for facilitators to provide to their groups)

MED data show that the average entrepreneurship loan application amounts to COD200,000, with a take-up rate among MED participants of 2.5 per cent. It is assumed this amount and take-up also corresponds to that of young loan applicants (15–24 years old).

Voluntary social insurance contribution is made available via the Department of Social Security, with a minimum contribution of 12 per cent of the minimum wage level. Most voluntary insured persons were found to contribute the minimum amount.

Case study No. 3: Discussions



Exercise 1a: Assessment matrix: Mapping of the existing provisions, identified gaps and proposed recommendations

The detailed assessment matrix for mapping existing programmes and identifying gaps and implementation issues is presented in the Annex. The following matrix is to be read in conjunction with the mapping matrix.

Vision of the Government: To enhance skills of young workers, facilitate their access to decent jobs and secure careers, support enterprise creation and to have at least 75 per cent of graduates employed by 2018

Existing provisions	Recommendations
Active Employment Policy Targeting Youth (AEPY) Programme	<ul style="list-style-type: none"> (*) R1: Increase AEPY stipend and graduation lump sum. (*) R2: Subsidize the voluntary social insurance contributions for all beneficiaries of AEPY during the duration of the training. (*) R3: Subsidize apprenticeship (50% minimum wage) and 50% social insurance contribution for six months. (*) R4: Increase the number of subsidized beneficiaries enrolling in the entrepreneurship course. (Δ) R5: Periodically revise AEPY-funded training courses according to labour market demands and workers' profiles. (Δ) R6: Improve coordination between AEPY implementing agencies and involve youth associations. (Δ) R7: Increase AEPY's outreach to the whole targeted population. (Δ) R8: Conduct awareness-raising programmes for AEPY, using methods and tools that are adapted to youth.
Vocational Training Institutes Training courses under Department of Skills Advancement (DSA)	<ul style="list-style-type: none"> (Δ) R9: Coordination and accreditation of the different training programmes by a single agency, like the DSA.
JobsCoresiaNow	<ul style="list-style-type: none"> (Δ) R10: Increase number of JobsCoresiaNow centres in rural areas. (Δ) R11: Improve flow of information (on job vacancies and training courses) between urban and rural areas, especially information targeting at youth. (Δ) R12: Conduct job fairs in rural areas on a quarterly basis. (Δ) R13: Conduct training for local administrators on youth-specific counselling. (Δ) R14: Improve JobsCoresiaNow by learning successful practices by JobHighway.

Existing provisions	Recommendations
Microfinance and Enterprise Development (MED) Programme	<p>(*) R15: Introduce a new loan programme targeting young people, administered by the MED Programme (or the Coresian Skills Fund) and improve links and reinforce AEPY training and counselling entrepreneurship programmes.</p> <p>(*) R16: Subsidize the voluntary social insurance contribution during the duration of the loan repayment.</p>
Rural Engagement and Development of Infrastructure (READI) Programme	<p>(Δ) R17: After working in the READI Programme, workers should be able to access return-to-work or self-employment programmes.</p> <p>(Δ) R18: Conduct awareness campaigns, especially in remote areas, through local government agencies and well-known figures.</p>

Note: Two types of recommendations were formed: (*) designates the provision of additional benefit or increase of coverage that leads to costs that can be calculated using Rapid Assessment Protocol; (Δ) designates requirement for detailed studies or can be implemented through specific technical cooperation projects.

Exercise 2: List of potential institutions and the need for institutional enhancement to enhance skills of young workers, facilitate their access to decent jobs and secure careers, support enterprise creation and to have at least 75% of graduates employed by 2018

Functions	Potential institution	Alternate institution	Institutional enhancement
1. Identify needed skills	Ministry of Labour and Skills Development (MOLSD)	<p>MOLSD – Department of Skills Advancement (DSA)</p> <p>MOLSD-Department of Labour (DOL) (based on JobsCoresiaNow request for workers)</p> <p>Department of Coresian Industrial Relations and Department of Small and Medium Enterprises within Ministry of Private Sector Involvement (MOPSI), through their tripartite dialogue</p>	<p>DSA is the government department responsible for promoting and coordinating strategies and skills training programmes in line with efforts to reinforce skills.</p> <p>One institution needs to get an overview on the labour market.</p> <p>Enhance tripartite dialogue.</p> <p>Develop a national skills reference list.</p>
2. Develop the training	MOLSD	<p>Ministry of Basic and Higher Education in case the targeted skill can be integrated to existing curriculum or needs a dedicated curriculum (for example IT management).</p> <p>NGOs.</p> <p>Contracted companies.</p>	
3. Provide accreditation for the training – validate the content and quality	MOLSD	MOLSD – Department of Skills Advancement (DSA)	DSA is the main focal point for identifying approved training providers and training courses.
4. Identify beneficiaries	MOLSD	<p>MOLSD – DSA</p> <p>MOLSD/DOL (based on JobsCoresiaNow registry of jobseekers).</p> <p>Ministry of Women and Social Welfare – especially in case of targeted trainings.</p>	Access to the Ministry of Interior database for identification of potential recipients.
5. Deliver the training	Various		All the training delivered should be recorded in a single database to ensure good communication to the targeted people and also the consistency and adequacy of the delivered courses.

Functions	Potential institution	Alternate institution	Institutional enhancement
6. Ensure the link between the training and the labour market	MOLSD	MOPSI, thanks to its link with employers	
7. Develop apprenticeship	MOLSD	MOPSI, thanks to its link with employers	<p>Possibility to use JobsCoresiaNow as a single window for all apprenticeship positions</p> <p>Legal framework to be determined, in particular:</p> <ul style="list-style-type: none"> ▪ How to ensure that the installation of apprenticeships will not lead to the casualization of existing jobs. ▪ How to provide a minimum earning to apprentices and how to enforce employers to use that type of contract. ▪ How to link apprenticeships to sustainable positions.
8. Support graduates in finding jobs	MOLSD/DOL – JobsCoresiaNow	JobHighway (under contract, notably to ensure non-discrimination).	<p>Develop the case management approach in JobsCoresiaNow centres.</p> <p>Set up more JobsCoresiaNow centres, especially in remote areas.</p> <p>Redesign the JobsCoresiaNow portal and improve the flow of information.</p> <p>Support for mobility</p>

Functions	Potential institution	Alternate institution	Institutional enhancement
9. Access to grant for self-employment		MOPSI-MED MOWDSAW-CEFAP-SEAP CSF	<p>Develop an umbrella for the two programmes.</p> <p>CEFAP-SEAP aims to encourage entrepreneurship and setting up of own businesses.</p> <p>The aim of the MED Programme is to support the creation and growth of local enterprises.</p> <p>Develop access to grants and loans, especially for CEFAP-SEAP and CSF self-employed participants.</p>
10. Communicate information on available programmes	MOLSD/DOL – JobsCoresiaNow	JobHighway (under contract, notably to ensure access to information without payment)	<p>Establish JobsCoresiaNow as the one-stop shop for training and skills development.</p> <p>Set up more JobsCoresiaNow centres, especially in remote areas.</p> <p>Redesign the JobsCoresiaNow portal and improve flow of information.</p>

Exercise 3: Inventory of key elements in the proposed legal framework

Refer to the Annex for an inventory of key elements in a proposed legal framework and adapt it to the National Skills Development and Placement Organization.

Exercise 4: Possible scenarios of options

- Scenario Y01-2: Increase the Active Employment Policy Targeting Youth (AEPY) Programme's stipend to 50 per cent of the minimum wage level and graduation lump-sum grant by 300 per cent. (Scenario Y01-1 calculates the status quo AEPY stipend and graduation lump-sum grant as a comparison.)
- Scenario Y01-3: Increase the AEPY stipend to 50 per cent of the minimum wage level and graduation lump-sum grant by 300 per cent and fully subsidize the voluntary social insurance contribution of AEPY participants.
- Scenario Y01-4: Increase the AEPY stipend to 50 per cent of the minimum wage level and graduation lump-sum grant by 300 per cent, fully subsidize the voluntary social insurance contribution of AEPY participants and increase the enrolment in the entrepreneurship course.
- Scenario Y02-1: Subsidize apprenticeships among AEPY participants at 50 per cent of the minimum wage level.
- Scenario Y02-2: Subsidize apprenticeship among AEPY participants at 50 per cent of the minimum wage level and voluntary social insurance contribution.
- Scenario Y03-1: Provide interest-free self-employment loans of COD200,000 for poor and unemployed youth, indexed to the inflation rate.
- Scenario Y03-2: Provide interest-free self-employment loans of COD200,000 for poor and unemployed youth, indexed to the inflation rate, and fully subsidize the voluntary social insurance contribution for the first three years of loan repayment.

Exercise 5: Projected cost of achieving basic income security and promoting employment for youth in low and high scenarios

Scenario Y01-1: Status quo AEPY stipend and graduation lump-sum grant.

Scenario Y01-2: Increase the AEPY stipend to 50 per cent of the minimum wage level and increase the graduation lump-sum grant by 300 per cent.

Scenario Y01-3: Increase the AEPY stipend to 50 per cent of the minimum wage level, increase the graduation lump-sum grant by 300 per cent and fully subsidize the voluntary social insurance contribution of AEPY participants.

Scenario Y01-4: Increase the AEPY stipend to 50 per cent of the minimum wage level, increase the graduation lump-sum grant by 300 per cent, fully subsidize the voluntary social insurance contribution of AEPY participants and increase the enrolment in the entrepreneurship course.

Assumptions:

- The poverty rate of unemployed youth will be the same as the national poverty rate.
- The take-up rate of the AEPY Programme is calculated based on 107,528 participants in four years (2013 and 2015). Take-up rate assumed to remain constant over time.
- The take-up rates for both AEPY participation and graduation are expected to increase 5 per cent annually, with an increase in the stipend and graduation lump-sum grant.
- The AEPY stipend will increase to half the monthly minimum wage (COD6,000 divided by 2), while the AEPY graduation lump-sum grant will increase by 300 per cent (3 times COD1,200).
- The social insurance contribution will be at 12 per cent of the minimum wage level.
- Annually, 20 per cent of AEPY participants will graduate.
- The training cost is estimated at COD300 per head per day (COD18,000 per head for six months with 20 training days per month). This will increase following the average wage increase (constant at 4.3 per cent).

- Enrolment in the entrepreneurship course among AEPY participants will be at 10 per cent in 2015, with an annual growth of 10 per cent.

Scenario YO2-1: Subsidize apprenticeships among AEPY participants at 50 per cent of the minimum wage level.

Scenario YO2-2: Subsidize apprenticeships among AEPY participants at 50 per cent of the minimum wage level and allow voluntary social insurance contribution.

Assumptions:

- The take-up rate of AEPY apprenticeship will be at 30 per cent (among AEPY participants) and increase annually by 2.5 per cent.
- The subsidy for apprenticeship will be at 50 per cent of the minimum wage and the social insurance contribution will be at 12 per cent of the minimum wage.

Scenario YO3-1: Provide interest-free self-employment loans of COD200,000 for poor and unemployed youth, indexed to the inflation rate.

Scenario YO3-2: Provide interest-free self-employment loans of COD200,000 for poor and unemployed youth, indexed to the inflation rate, and fully subsidize the voluntary social insurance contribution for the first three years of loan repayment.

Assumptions:

- Average loans of COD200,000, indexed to inflation rate. Repayment period will be ten years.
- The social insurance contribution will be at 12 per cent of the minimum wage level. The social insurance contribution will be subsidized at 100 per cent during the first three years of the loan repayment period.
- The take-up rate of self-employment loans will be 2.5 per cent (based on the MED loan take-up rate), with an annual growth rate of 2.5 per cent.

Table 3: Results of the costing exercise for youth employment

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Scenario YO1-1: Status quo: AEPY stipend and graduation lump sum										
Cost of Scenario (COD million)	278	278	276	270	270	258	253	246	235	221
Cost as % of GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost as % of government expenditure	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Scenario YO1-2: Increase AEPY stipend and graduation lump sum										
Cost of Scenario (COD million)	278	278	1 084	1 142	1 227	1 262	1 336	1 399	1 435	1 455
Cost as % of GDP	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Cost as % of government expenditure	0.01	0.01	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Scenario YO1-3: Increase AEPY stipend and graduation lump sum + Subsidize SI contribution										
Cost of Scenario (COD million)	278	278	1 339	1 410	1 515	1 558	1 650	1 727	1 771	1 795
Cost as % of GDP	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Cost as % of government expenditure	0.01	0.01	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.04
Scenario YO1-4: Increase AEPY stipend and graduation lump sum + Subsidize SI contribution + Increase entrepreneurship course enrolment										
Cost of Scenario (COD million)	329	329	1 400	1 482	1 602	1 657	1 767	1 865	1 929	1 975
Cost as % of GDP	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Cost as % of government expenditure	0.01	0.01	0.06	0.06	0.06	0.06	0.05	0.05	0.05	0.05
Scenario YO2-1: Subsidize apprenticeship										
Cost of Scenario (COD million)	0	0	155	160	168	168	174	177	177	176
Cost as % of GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost as % of government expenditure	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Scenario YO2-2: Subsidize apprenticeship + SI contribution										
Cost of Scenario (COD million)	0	0	193	198	208	208	215	220	220	218
Cost as % of GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost as % of government expenditure	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Scenario YO3-1: Youth entrepreneurship loans										
Cost of Scenario (COD million)	0	0	461	486	522	536	567	594	608	617
Cost as % of GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost as % of government expenditure	0.00	0.00	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Scenario YO3-2: Youth entrepreneurship loans + SI contribution subsidy										
Cost of Scenario (COD million)	0	0	521	548	589	606	641	671	687	697
Cost as % of GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost as % of government expenditure	0.00	0.00	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02



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Our dream is to eradicate poverty from our villages, encourage economic activity and create employment.

Suon Yimi
Prime Minister of Coresia

CASE STUDY NO. 4: PROVIDING BASIC INCOME SECURITY AND ENHANCING SKILLS IN RURAL CORESIA

Job creation and skills development in rural areas

About 65.6 per cent of the population of Coresia lives in rural areas, and more than 70 per cent of the total poor population of the country lives in remote and rural areas. The villages are spread over the northern and eastern regions of the country, where many tribal communities are located, interspersed with forests and mountains. In some places, the land is infertile, and in times of weak monsoons, the people do not earn much from their agriculture and fall back on odd jobs. Rural unemployment and underemployment rates are high, about twice the national levels. Life is harsh, and villages have experienced a high level of out-migration, especially common among young people and adult males, to cities and industrial regions. The economic growth of the past 20 years has improved the livelihoods of the rural people, though not by much.

Industrial growth and demands for better infrastructure, including roads and bridges, over the past few decades have led to a quick depletion in forest cover and erosion of natural resources, thereby increasing the occurrence of natural disasters and exposing the vulnerability of farming communities. This has also had a negative effect on labour productivity, modernization of agricultural work and job opportunities.

While men and women both work in the fields and in local construction projects, they may not be paid equally. Additionally, women typically do not have a significant presence in the financial and other important decisions of the household, which are the exclusive domain of older male members. Sometimes, male household heads migrate to cities for a few months at a time in hopes of earning more money. At such times, the women work for large farmers or in the Rural Engagement and Development of Infrastructure (READI) Programme, which is an employment-intensive investment interventions.

The READI Programme is an attempt to provide all people with a fall-back option when steady job opportunities are unavailable. However, due to the use of manual labour and little machinery in READI projects, it does not provide workers with an opportunity for skill advancement. The Ministry of Rural Development, which is responsible for READI, claims that the programme was always meant to provide temporary relief during unemployment and not as a skill advancement measure. The Ministry, however, now acknowledges the necessity to link it with skills training.

The Ministry of Rural Development, the Department of Skills Advancement and provincial governments have been discussing the design of a training programme to be linked to the READI Programme. They have proposed a pilot project in a few districts in which 30 days of training will be provided to every worker who has completed 100 days of work. It is yet to be decided which organization will be responsible for coordinating and funding the training scheme.

Additionally, there is no concrete link between the READI Programme and measures to bring about the re-inclusion of workers in the labour market once they have finished working under READI. After many concerns were voiced over this matter, the Government began looking at facilitating return to work or creation of self-employment, in addition to the provision of skills training. The discussion among stakeholders led to the recommendation that the issue be taken up as a priority, with systematic coordination between the READI Programme, the Coresian Empowerment for All Programme's Training and Job Placement (CEFAP-JP) and its Self-Employment Assistance Programme (CEFAP-SEAP), the Minimum Income Guarantee of Coresia (MED) Programme and JobsCoresiaNow.

Although the READI Programme has reasonable coverage in villages, it has been unable to reach people in remote tribal areas. Lack of awareness and capacity are major shortcomings of programme staff. It is important, however, to cover the areas that have sizeable forest cover to improve those residents' connectivity to health and education facilities and markets while conserving the environment in their area.

The CEFAP had a registered database of 41,724 rural households in 2015. This was much lower than the number of potential beneficiaries. Coresia has approximately 851,900 poor rural households. Of them, around 375,400 are estimated to have a score of less than 3 in the poverty survey, thereby becoming eligible for CEFAP benefits. The Government aims to gradually expand coverage to all these households.

Many people are not aware of the programme's benefits. Also, the Training and Job Placement Programme under CEFAP does not provide a daily allowance, which tends to make family breadwinners unwilling to spend their time in training. They think that their time would be better spent earning money for the family.

There is poor coordination among local government bodies and the provincial governments, as well as training providers and financial institutions. This causes lengthy delays in disbursing benefits and registering people in the four CEFAP initiatives. The CEFAP database is not linked with other labour-related and social institutions and databases. This thus leaves the programme isolated and reduces its effectiveness.

JobsCoresiaNow, which provides vital information on job and employment vacancies, counselling and job search support, does not link to any of the Government's training and support programmes. JobsCoresiaNow is not popular in the rural areas of northern and eastern Coresia due to its insufficient number of offices, poor internet connectivity and reluctance among the people to use computers. The Ministry of Basic and Higher Education and JobsCoresiaNow organize job fairs to connect employers and jobseekers in towns and cities. People dwelling in the villages are often unaware of the dates of these fairs, however, or find it troublesome to make the long journey to attend them. Some efforts are being undertaken to bring the job fairs closer to rural dwellers.

The district and village government bodies that are involved in the administration of different social transfers and benefits have claimed that they do not have adequate staff and infrastructure. The lack of resources, institutional capacity and the unattractiveness of such civil servant positions at the local level also makes it difficult to increase performance and awareness of programmes among workers, conduct registration campaigns, monitor the beneficiaries and address issues and complaints.

The way forward

A recent meeting on supporting employment and self-employment brought together representatives from the Government, line ministries, workers' and employers' organizations, youth associations and development partners along with experts in the field of employment and social security to discuss establishment of much-needed employment support measures. The participants unanimously agreed to prioritize the provision of basic income support to all people of working age and to encourage enterprise development, especially for the rural population. This would further contribute to achieving the social protection floor.

For successful implementation of the social protection floor, a special team was created, comprising representatives from line ministries, workers' and employers' organizations, academia and development partners. This group, known as the Tripartite Project Committee for Labour and Social Security (TPC-LSS), is responsible for implementing employment support and active labour market policies in rural areas of the country.

The mandate of this group includes proposing measures to **achieve basic income security and enhancing capabilities in rural and remote areas** and conducting a situation analysis of rural

employment in Coresia. The TPC-LSS has three high-priority tasks:

1. Design and estimate the cost of implementing a training and labour market re-inclusion programme under the READI Programme.
2. Increase awareness of the CEFAP benefits and estimate the cost of expanding the programme's coverage.
3. Find ways to connect rural dwellers to skills training and job search channels.



Case study exercises

Exercise 1: Map existing provisions and identify gaps in unemployment protection (Module 3)

The members of your case study group are members of the TPC-LSS who attend its meetings on social protection and employment promotion for rural development. Because the TPC-LSS is a tripartite multistakeholder group, you may choose fill the role of a stakeholder (representing the Government, employers' organizations or trade unions) during the group discussion. With this mind, complete the assessment matrix provided:

- map the existing policies and schemes to protect unemployed and underemployed workers; and
- identify gaps and propose recommendations or a range of options to improve employment protection, on the basis of the details provided for the case study.

There is an additional column for inserting recommendations or options concerning the parameters of an enhanced public works programme for rural workers as well as other measures. This range of options will be discussed and agreed upon by the TPC-LSS. Your group will deal exclusively with the rural population of Coresia.

Exercise 2: Map existing institutions and identify possible institutional set-up (Module 4)

At the second meeting of the TPC-LSS, your group is asked to map all existing institutions that could potentially fulfil one or several functions when implementing the proposed recommendations. Also, determine any possible need for enhancing the capacity of existing institutions or discuss the establishment of new ones, if required.

Exercise 3: Draft the legal framework (Module 5)

At the third meeting of the TPC-LSS, your group is requested to prepare an inventory of key elements that should be included in the draft legal documents, in accordance with ILO Conventions and Recommendations.

Exercise 4: Translate a range of options into scenarios of options (Module 6)

This is the fourth meeting of the TPC-LSS. You are invited to translate the recommendations or range of options agreed upon by your group during the previous meetings into three scenarios of options.

Exercise 5: Estimate the cost of each scenario (Module 6)

At the fifth meeting of the TPC-LSS, your group is asked to calculate the cost of implementing each scenario by taking into consideration the proposed institutional set-up. You may have to build additional assumptions in order to project the cost until 2024.

Assumptions for costing (for facilitators to provide to their groups)

The latest census of Coresia recorded that, on average, there were 5.2 people in every household in the country. The rural population may be assumed to grow at the same rate as the general population.

While the Law on Minimum Wages (No. 684) of 2013 stipulates a minimum wage rate of COD300 per day across the country, it is unclear when the wage rate will be revised to take inflation into account. The Government is discussing possible regulations to keep the minimum wage relevant for the average worker.

Surveys conducted over the past few months to monitor the performance of the READI Programme have shown that the administrative expenses and staff salaries account for 15 per cent of the cost of benefits. The expense of purchasing building and construction materials, limited machinery, seeds and fertilizers as well as the cost of contracting technical experts and supervisors account for 35 per cent of the cost of benefits. For the social work component of the READI Programme, a minimal amount is spent on purchasing materials, and the expense of training the community care workers is usually included in technical supervision.

The READI Programme utilized COD85.9 billion of government funds in 2015. It was started as a tax-funded programme, but as the number of beneficiaries kept increasing and it became difficult to allocate more funds from the national budget, READI was heavily subsidized by donor grants in 2013 and 2015. In 2015, many critics voiced their opposition to the programme.

Although the Government is satisfied with the reach of the READI Programme, there remains a perception that the programme costs, as a percentage of national GDP, is high. The Government has hired consultants to conduct a cost estimate of implementing the READI Programme over the next five years, at the current coverage levels.

Case study No. 4: Discussions



Exercise 1a: Assessment matrix: Mapping of the existing provisions identified gaps and proposed recommendations

The detailed assessment matrix for mapping existing programmes and identifying gaps and implementation issues is presented in the Annex. The following matrix is to be read in conjunction with the mapping matrix.

Vision of the Government: Achieve basic income security and enhance capabilities in rural and remote areas	
Existing provisions	Recommendations
Rural Engagement and Development of Infrastructure (READI) Programme	(*) R1: Provide 30 days of training to every worker who has completed 100 days of work, coordinated by the Ministry of Rural Development. (*) R2: Subsidize the voluntary social insurance contribution for people participating in the social work and services sectors. (Δ) R3: After working for READI, workers should be able to access return-to-work or self-employment programmes.
Coresian Empowerment for All Programme (CEFAP)	(Δ) R4: Conduct awareness campaigns for READI and CEFAP, especially in remote areas, through local government agencies and well-known figures. (*) R5: Increase coverage of CEFAP to gradually reach all rural poor households. (*) R6: Provide a stipend and subsidize voluntary social insurance contributions (duration of training) for beneficiaries of CEFAP training. (Δ) R7: Explore ways to improve coordination among government and implementing agencies and programmes and link all databases.
Microfinance and Enterprise Development (MED) Programme	(*) R8: Introduce a new loan programme targeting sustainable tourism, administered by MED (or the Coresia Skills Fund), and improve the links and reinforce entrepreneurship training and counselling. (*) R9: Subsidize the voluntary social insurance contribution during the loan repayment period.
JobsCoresiaNow	(Δ) R10: Conduct job fairs in rural areas on a quarterly basis and disseminate information on job vacancies to those who cannot reach the job fairs (via radio). (Δ) R11: Conduct training for local administration bodies.

Note: Two types of recommendations were formed: (*) designates the provision of additional benefit or increase of coverage that leads to costs that can be calculated using Rapid Assessment Protocol; (Δ) designates requirement for detailed studies or can be implemented through specific technical cooperation projects.

Exercise 2: List of potential institutions and the need for institutional enhancement to achieve basic income security and enhance capabilities in rural and remote areas

Functions	Potential institution	Alternate institution	Institutional enhancement
1. Identify needed skills	Ministry of Labour and Skills Development (MOLSD)	<p>Ministry of Labour and Skills Development – Department of Skills Advancement (DSA)</p> <p>MOLSD – Department of Labour (DOL) (based on JobsCoresiaNow request for workers)</p> <p>Department of Coresian Industrial Relations and Department of Small and Medium Enterprises within Ministry of Private Sector Involvement (MOPSI), through their tripartite dialogue</p> <p>Ministry of Basic and Higher Education (MOBHE)</p>	<p>DSA is the government department responsible for promoting and coordinating strategies and skills training programmes in line with efforts to reinforce skills.</p> <p>One institution needs to get an overview on the labour market.</p> <p>Enhance tripartite dialogue.</p> <p>Develop a national skills reference list.</p>
2. Develop the training	MOLSD	<p>MOBHE in case the targeted skill can be integrated to existing curriculum or needs a dedicated curriculum (for example IT management).</p> <p>NGOs.</p> <p>Contracted companies.</p>	
3. Provide accreditation for training – validate the content and quality	MOLSD	MOLSD – DSA.	DSA is the main focal point for identifying approved training providers and training courses.
4. Identify beneficiaries	MOLSD	<p>MOLSD – DSA</p> <p>MOLSD – DOL (based on JobsCoresiaNow registry of jobseekers).</p> <p>Ministry of Women and Social Welfare, especially in case of targeted trainings.</p>	Access to the Ministry of Interior database for identification of potential beneficiaries.

Functions	Potential institution	Alternate institution	Institutional enhancement
5. Deliver the training	Various		All the training delivered should be recorded in a single database to ensure a good communication to the targeted people and also the consistency and adequacy of the delivered courses.
6. Ensure the link between the training and labour markets	MOLSD	MOPSI, thanks to its link with employers	
7. Develop apprenticeships	MOLSD	MOPSI, thanks to its link with employers	<p>Possibility to use JobsCoresiaNow as a single window for all apprenticeship positions.</p> <p>Legal framework to be determined, in particular:</p> <ul style="list-style-type: none"> ▪ How to ensure that the installation of apprenticeships will not lead to the casualization of existing jobs. ▪ How to provide a minimum earning to apprentices and how to enforce employers to use that type of contract. ▪ How to link apprenticeships to sustainable positions.
8. Support for graduates in finding jobs	MOLSD – DOL – JobsCoresiaNow	JobHighway (under contract, notably to ensure non-discrimination)	<p>Develop the case management approach in JobsCoresiaNow centres.</p> <p>Set up more JobsCoresiaNow centres, especially in remote areas.</p> <p>Redesign the JobsCoresiaNow portal and improve the flow of information.</p> <p>Support for mobility.</p>

Functions	Potential institution	Alternate institution	Institutional enhancement
9. Access to grant for self-employed		<p>MOPSI-Microfinance and Enterprise Development (MED)</p> <p>Ministry of Women and Social Welfare – the Coresian Empowerment for All Programme's Self-Employment Assistance Programme (CEFAP-SEAP) – the Coresian Skills Fund (CSF)</p>	<p>Develop an umbrella entity for the two programmes.</p> <p>CEFAP-SEAP aims to encourage entrepreneurship and setting up of own businesses.</p> <p>The aim of the MED is to support the creation and growth of local enterprises.</p> <p>Develop access to grants and loans especially for CEFAP-SEAP and CSF self-employed participants.</p>
10. Communicate information on available programmes	MOLSD – DOL – JobsCoresiaNow	JobHighway (under contract, notably to ensure access to information without payment)	<p>Establish JobsCoresiaNow as a one-stop shop for training and skills development.</p> <p>Set up more JobsCoresiaNow centres, especially in remote areas.</p> <p>Redesign the JobsCoresiaNow portal and improve the flow of information.</p>

Exercise 3: Inventory of key elements in the proposed legal framework

Refer to the Annex for an inventory of key elements in a proposed legal framework and adapt it to the National Skills Development and Placement Organization.

Exercise 4: Possible scenarios of options

- Scenario RU1-2: Provide 30 days of training to every worker who has completed 100 days of work under the READI Programme, at an estimated cost of COD300 per day. (Scenario RU1-1 calculates the cost of the status quo READI Programme as comparison)
- Scenario RU1-3: Provide 30 days of training to every worker who has completed 100 days of work under the READI Programme at an estimated cost of COD300 per day and fully subsidize the voluntary social insurance contribution for READI participants in the social work sector.
- Scenario RU2-2: Expand coverage of CEFAP by 5 percentage points annually. (Scenario RU2-1 calculates the cost of CEFAP, at status quo coverage rate, as a comparison.)
- Scenario RU3-2: Provide a daily allowance of COD300 under the CEFAP-TP programme. (Scenario RU3-1 calculates the cost of the CEFAP-TP programme as a comparison.)
- Scenario RU3-3: Provide a daily allowance of COD300 under the CEFAP-TP programme and fully subsidize the voluntary social insurance contribution at 12 per cent of the minimum wage level.
- Scenario RU4-2: Fully subsidize the voluntary social insurance contribution, at 12 per cent of the minimum wage level for MED entrepreneurship loan recipients for the first three years of loan repayment. (Scenario RU4-1 calculates the cost of the MED entrepreneurship loan programme as a comparison.)

Exercise 5: Projected cost of achieving basic income security for rural workers in low and high scenarios

Scenario RU1-1: Status quo READI Programme.

Scenario RU1-2: Provide 30 days of training to every worker who has completed 100 days of work under the READI Programme, at an estimated cost of COD300 per day.

Scenario RU1-3: Provide 30 days of training to every worker who has completed 100 days of work under the READI Programme, at an estimated cost of COD300 per day, and fully subsidize the voluntary social insurance contribution for READI participants in the social work sector.

Assumptions:

- The percentage of rural population, at
- per cent in 2015, will decrease by 2.5 per cent annually.
- The proportion of unemployed or underemployed workers living in rural areas will double the national proportion of unemployed or underemployed workers.
- The take-up rate, based on the rate calculated in 2016 at 375,182 READI participants, will grow annually by 2.5 per cent.
- The average benefit costs, calculated from the 2015 government expenditure of COD22.9 billion, two-thirds of which was spent on workers' salaries, will be constant over time.
- The average work days per head per year will be constant over time; 81 per cent of the READI participants have a minimum 100 work days a year.
- Training costs, estimated at COD300 per head per day (COD9,000 per head for 30 days of training), will increase following the average wage increase (constant at 4.3 per cent).
- The proportion of social workers under the READI Programme was 23.5 per cent in 2016 and will grow annually at 2.5 per cent.
- The take-up rate of READI training will be 10 per cent among READI participants within the minimum 100 work days a year.

Scenario RU2-1: CEFAP at status quo coverage rate.

Scenario RU2-2: Expand coverage of CEFAP by 5 percentage points annually.

Assumptions:

- The proportion of unemployed or underemployed workers living in rural areas will double the national proportion of unemployed or underemployed workers.
- Under the poverty scorecard, scoring below 3 (out of 10) will indicate the head of household as unemployed.
- The average number of economically active members per household in rural areas was 2.3 for 2015 and will be constant until 2024.
- The target group of highly vulnerable labour force eligible for the CEFAP is calculated based on 375,400 CEFAP-eligible households, multiplied by the average number of economically active household members (2.25). The percentage of CEFAP-eligible workforce will be constant until 2024.
- The CEFAP take-up rate is calculated from 41,724 rural households participating in 2015 and with annual growth of 2.5 per cent. Each of these households has only one CEFAP participant.
- Extension of CEFAP coverage will involve an annual 5 percentage-point increase.
- Average loans will be COD200,000 and indexed to the inflation rate.
- The average benefit per head per year for CEFAP will be COD9,600.

Scenario RU3-1: Cost of the CEFAP-TP programme.

Scenario RU3-2: Provide a daily allowance of COD300 under the CEFAP-TP programme.

Scenario RU3-3: Provide a daily allowance of COD300 under the CEFAP-TP programme and fully subsidize the voluntary social insurance contribution at 12 per cent of the minimum wage level.

Assumptions:

- CEFAP-TP coverage is the same as CEFAP; for example, the take-up rate is based on 41,724 rural households participating in 2015, with annual growth of 2.5 per cent. Each of these households has only one CEFAP participant.
- Under the poverty scorecard, scoring below 3 (out of 10) will indicate the head of household as unemployed.
- The average number of economically active members per household in rural areas was 2.3 for 2015 and will be constant until 2024.
- The target group of highly vulnerable labour force eligible for CEFAP is calculated based on 375,400 CEFAP-eligible households, multiplied by the average number of economically active household members (2.25). The percentage of CEFAP-eligible workforce will be constant until 2024.
- Training costs, estimated at COD300 per head per day (COD36,000 per head for six months with 20 training days per month), will increase following the average wage increase (constant at 4.3 per cent).
- CEFAP training will be six months per head per year.
- The social insurance contribution will be 12 per cent of the minimum wage level.
- The CEFAP-TP stipend will be 50 per cent of the monthly minimum wage level.

Scenario RU4-1: Cost of the MED entrepreneurship loan programme.

Scenario RU4-2: Fully subsidize the voluntary social insurance contribution at 12 per cent of the minimum wage level for MED entrepreneurship loan recipients for the first three years of loan repayment.

Assumptions:

- Average loans, at COD200,000, are indexed to inflation rate and the repayment period will be ten years.
- The social insurance contribution will be at 12 per cent of the minimum wage level, and the social insurance contribution will be subsidized at 100 per cent for the first three years of the loan repayment period.

- The take-up rate of the MED loans, based on 230,000 loans disbursed in four years between 2011 and 2015 was 46,000 loans or beneficiaries a year. The take-up rate will grow at 2.5 per cent annually.

Table 4: Results of the costing exercise for rural employment

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Scenario RU1-1: READI public works programme										
Cost of Scenario (COD million)	16 238	16 030	16 098	16 149	16 190	16 221	16 242	16 253	16 255	16 247
Cost as % of GDP	0.15	0.14	0.13	0.12	0.11	0.11	0.10	0.09	0.08	0.08
Cost as % of government expenditure	0.63	0.67	0.67	0.63	0.58	0.54	0.50	0.47	0.43	0.40
Scenario RU1-2: READI + training										
Cost of Scenario (COD million)	16 238	16 038	16 386	16 450	16 505	16 550	16 586	16 613	16 630	16 638
Cost as % of GDP	0.15	0.14	0.14	0.13	0.12	0.11	0.10	0.09	0.08	0.08
Cost as % of government expenditure	0.63	0.67	0.68	0.64	0.59	0.55	0.51	0.48	0.44	0.41
Scenario RU1-3: READI + Training + SI contribution (social workers)										
Cost of Scenario (COD million)	16 238	16 038	17 210	17 319	17 420	17 514	17 600	17 679	17 749	17 814
Cost as % of GDP	0.15	0.14	0.14	0.13	0.12	0.11	0.11	0.10	0.09	0.08
Cost as % of government expenditure	0.63	0.67	0.72	0.67	0.63	0.58	0.55	0.51	0.47	0.44
Scenario RU2-1: Status quo: CISA										
Cost of Scenario (COD million)	419	421	433	445	458	471	483	496	509	522
Cost as % of GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost as % of government expenditure	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01
Scenario RU2-2: Increase CISA coverage										
Cost of Scenario (COD million)	419	421	850	1 282	1 717	2 153	2 590	3 026	3 462	3 896
Cost as % of GDP	0.00	0.00	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02
Cost as % of government expenditure	0.02	0.02	0.04	0.05	0.06	0.07	0.08	0.09	0.09	0.10

Scenario RU3-1: Status quo: CISA-TAJ										
Cost of Scenario (COD million)	1 570	1 577	1 693	1 817	1 949	2 089	2 238	2 395	2 563	2 740
Cost as % of GDP	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Cost as % of government expenditure	0.06	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Scenario RU3-2: CISA-TAJ + stipend										
Cost of Scenario (COD million)	1 570	1 577	2 505	2 674	2 851	3 039	3 238	3 448	3 669	3 903
Cost as % of GDP	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Cost as % of government expenditure	0.06	0.07	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Scenario RU3-3: CISA-TAJ + stipend + SI contribution subsidy										
Cost of Scenario (COD million)	1 570	1 577	2 700	2 879	3 068	3 268	3 478	3 701	3 935	4 183
Cost as % of GDP	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Cost as % of government expenditure	0.06	0.07	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.10
Scenario RU4-1: MED entrepreneurship loans										
Cost of Scenario (COD million)	12 528	12 075	12 414	12 769	13 118	13 471	13 827	14 187	14 538	14 902
Cost as % of GDP	0.12	0.11	0.10	0.10	0.09	0.09	0.08	0.08	0.07	0.07
Cost as % of government expenditure	0.49	0.51	0.52	0.49	0.47	0.45	0.43	0.41	0.39	0.37
Scenario RU4-2: MED entrepreneurship loans + SI contribution subsidy										
Cost of Scenario (COD million)	12 528	12 075	13 985	14 385	14 778	15 176	15 577	15 982	16 378	16 787
Cost as % of GDP	0.12	0.11	0.12	0.11	0.10	0.10	0.09	0.09	0.08	0.08
Cost as % of government expenditure	0.49	0.51	0.58	0.56	0.53	0.51	0.48	0.46	0.44	0.42



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Our dream is to build a skilled and motivated workforce, improve productivity and ensure progress.

Kshep Ryuni
Minister of Labour and
Skills Development of Coresia

CASE STUDY NO. 5: PROMOTING SKILLS DEVELOPMENT AND ACCESS TO DECENT JOBS FOR ALL IN CORESIA

Skill development initiatives

The National Ten-Year Plan, 2010–19 focuses on employment promotion and the skill enhancement of workers. The target is to go from the current 28 per cent to a 40 per cent fully skilled workforce by 2024, when 40 per cent of the workforce should have completed secondary or vocational education. Although the unemployment rate in the country is 4.7 per cent, many people are underemployed or employed in labour-intensive jobs with low productivity. The Government has launched initiatives to provide vocational training at any time during a worker's life in order to help the workforce upgrade to better jobs and positions. The Government's policy aims to keep upgrading labour skills while developing new sectors of the economy and thus maintain competitiveness in the regional and global economies.

There are many training courses and programmes run by private and public providers in Coresia. However, the programmes are scattered, and it is often difficult to find information about them. Potential beneficiaries cannot compare the different courses to decide which one to take up. Although JobsCoresiaNow provides coordinated information about job vacancies, it does not offer any information on skills training. There is no centre or website that maintains collective information on the different skills training providers and courses. A review of the performance of JobsCoresiaNow revealed that in centres where staff have few visitors, a personalized or case-management approach contributes greatly to improve beneficiaries' chances of finding a job after attending some vocational training and/or counselling programme. Therefore, there is need for reinforced personalized services, in particular for training referral and job counselling. Countries like Chile have established a case-management approach that consists of a 24-month social contract between social services and beneficiaries. The social contract defines a personalized strategy to lift a household out of poverty by reintegration of members into decent and sustainable employment and ensures education, health and nutrition improvements for all household members.

In an effort to reduce the mismatch between skills demand and supply, government departments have been trying to get employers to conduct their own training courses, at the end of which they can recruit from the graduating students. This effort, however, still needs to be practically implemented. The Government is ready to explore the establishment of an internship programme that will target the sectors of the economy in which employers have signalled challenges to find suitably skilled workers.

The Coresian Skills Fund has been providing financial grants to contracted training providers. It has yet to achieve its target of providing financial assistance for self-employment. Although the Coresian Empowerment for All Programme (CEFAP) operates the Self-Employment Assistance Programme (SEAP) initiative to assist poor and rural entrepreneurs, there is no initiative of this kind at the national level. Some rural residents approach microfinance institutions for setting up their own business ventures, while other people look to their limited savings or to borrow from family members. The Coresia Skills Fund's vision to provide microcredit to training course graduates if they want to set up their own businesses is only in the planning stage. However, this should be carried out in close coordination with the Microfinance and Enterprise Development (MED) Programme of the Ministry of Private Sector and Investments.

There is weak coordination among local government bodies and the provincial governments, as well as training providers and financial institutions. This causes lengthy delays in disbursing benefits and registering people in the four CEFAP initiatives. The CEFAP database is not linked with other labour-related and social institutions and databases, which leaves the programme isolated and reduces its effectiveness.

JobsCoresiaNow lists several vacancies for which employers seek to hire foreign nationals, which reduces the opportunities available to Coresian citizens. Many users have expressed frustration over the website interface, which is congested and hard to use. Not much has been done so far on the feedback mails to JobsCoresiaNow. People have admitted to switching over to JobHighway, the privately operated job-matching web portal.

The subnational government bodies that are involved in the administration of different social transfers and benefits have claimed that they do not have adequate human resources and infrastructure. The lack of resources and institutional capacity also makes it difficult to increase awareness of programmes among workers, conduct registration campaigns, monitor beneficiaries and address complaints.

The way forward

A recent meeting on enhancing skills and promoting employment brought together representatives from the Government, line ministries, workers' and employers' organizations, youth associations and development partners, along with experts in the field of employment and social security to discuss on the country's situation and what needs to be done. The participants unanimously agreed to prioritize the provision of basic income support to all working-age people and encourage enterprise development, especially for the rural population. This would further contribute to achieving the social protection floor.

For successful implementation of the social protection floor, a special team was created, comprising representatives from line ministries, workers' and employers' organizations, academia and development partners. This group, known as the Tripartite Project Committee for Labour and Social Security (TPC-LSS), is responsible for implementing skills-training measures and enabling entrepreneurship in the country.

The committee's mandate includes proposing measures **to create a skilled and semi-skilled workforce and to support enterprise creation** and also conduct a situation analysis. The TPC-LSS has been given three high-priority tasks:

1. Revise the design and estimate the cost of implementing apprenticeship programmes.
2. Enhance JobsCoresiaNow to provide personalized training referrals and job counselling services to jobseekers through a case-management approach.
3. Reinforce the training to start and improve a business under the MED Programme, based on community participation.



Case study exercises

Exercise 1: Map existing provisions and identify gaps in unemployment protection (Module 3)

The members of your case study group are members of the TPC-LSS who attend its meetings on social protection and employment promotion for skill development. Because the TPC-LSS is a tripartite multistakeholder group, you may choose to assume the role of a stakeholder (representing the Government, employers' organizations or trade unions) during the group discussion. With this mind, complete the assessment matrix provided:

- map the existing policies and schemes to protect unemployed and underemployed workers; and
- identify gaps and propose recommendations or a range of options to improve employment protection, on the basis of the details provided for the case study.

There is an additional column for inserting recommendations or options concerning the parameters of skills development programmes, in particular apprenticeships, start and improve your business training and case management counselling services. This range of options will be discussed and agreed upon by the TPC-LSS. Your group will deal exclusively with skill development and enterprise creation in Coresia.

Exercise 2: Map existing institutions and identify possible institutional set-up (Module 4)

At the second meeting of the TPC-LSS, your group is asked to map all existing institutions that could potentially fulfil one or several functions when implementing the proposed recommendations. Also, determine the possible need for enhancing the capacity of existing institutions or discuss the establishment of new ones, if required.

Exercise 3: Draft the legal framework (Module 5)

At the third meeting of the TPC-LSS, your group is requested to prepare an inventory of key elements that should be included in the draft legal documents, in accordance with the ILO Conventions and Recommendations.

Exercise 4: Translate a range of options into scenarios of options (Module 6)

This is the fourth meeting of the TPC-LSS. You are invited to translate the recommendations or range of options identified by your group during the previous meetings into three scenarios of options.

Exercise 5: Estimate the cost of each scenario (Module 6)

At the fifth meeting of the TPC-LSS, your group is asked to calculate the cost of implementing each scenario, by taking into consideration the proposed institutional set-up. You may have to build additional assumptions in order to project the cost until 2024.

Assumptions for costing (for facilitators to provide to their groups)

It may be assumed that each JobsCoresiaNow receives 350–500 visitors per day. On average, each centre is staffed with five full-time officers and ten part-time officers, working in half-day shifts. They are paid at a similar rate as the national average wage. The Government wants to promote skills training, job counselling, job matching and placement in an approach similar to the CEFAP's Training and Job Placement (TP) programme, which provides vocational training for up to six months and coordinates with JobsCoresiaNow to facilitate recruitment.

In 2015, 20 per cent of all workers were expected to undertake a skills development or vocational training programme. To spur the national effort for enhancing skill development, the take-up rate among the target group is assumed to grow from 25 per cent in 2016 to 100 per cent in 2019.

Beneficiaries whose income falls below the national poverty line may be provided with a subsistence allowance to pay for their food and travel expenses and those of their dependants during the training period. This amount may be fixed at around half the minimum wage rate.

The administrative cost for a programme of this nature is around 15 per cent of the cost of a training programme.

Case study No. 5: Discussions



Exercise 1a: Assessment matrix: Mapping of the existing programmes, identified gaps and proposed recommendations

The detailed assessment matrix for mapping existing programmes and identifying gaps and implementation issues is presented in the Annex. The following matrix is to be read in conjunction with the mapping matrix.

Vision of the Government: Create a skilled and semi-skilled workforce by 2024 and support enterprise creation	
Existing provisions	Recommendations
Vocational Training Institutes (VTIs)	(*) R1: Subsidize vocational training for senior workers (older than 45 years), provide a daily stipend and voluntary social insurance contribution for training duration.
Training courses under Department of Skills Advancement (DSA)	(Δ) R2: Establish new agency to coordinate all departments providing training. New agency to determine a viable screening and referral process.
Coresian Skills Fund (CSF)	(Δ) R3: Install case managers and use VTIs as part of a global plan to ensure the sustainable access to decent work (*) R4: Implement the self-employment loan fund under the CSF.
Rural Engagement and Development of Infrastructure (READI) Programme	(Δ) R5: Ensure trainings funded by CSF are accredited by DSA and coordinated under new coordination agency. (*) R6: Provide 30 days of training to every worker who has completed 100 days of work, coordinated by the Ministry of Rural Development. (*) R7: Subsidize the voluntary social insurance contribution for people participating in the social work and services sectors. (Δ) R8: After working for READI, workers should be able to access return-to-work or self-employment programmes. (Δ) R9: Conduct awareness campaigns, especially in remote areas, through local government agencies and well-known figures.
Microfinance and Enterprise Development (MED) Programme	(Δ) R10: Improve the links with business counselling and related training providers.
Coresian Empowerment for All Programme (CEFAP)	(Δ) R11: Improve CEFAP's administration to gradually reach all rural poor households. (Δ) R12: Explore ways to improve coordination among government and implementing agencies and linking all databases.

Existing provisions	Recommendations
JobsCoresiaNow	(Δ) R13: Conduct training for local administration bodies. (Δ) R14: Redesign the job portal based on user feedback and private sector involvement. Electronic links need enhancing. (Δ) R15: Increase the number of staff in remote locations. Make more effective use of the internet and upgrade the computer speed. (*) R16: Introduce a mobility assistance allowance to encourage people to move to other localities with jobs available. (Δ) R17: Establish new agency to coordinate all departments providing training. The new agency must determine a viable screening and referral process.
Higher education	(Δ) R18: Improve the links between training providers and JobsCoresiaNow. (Δ) R19: Improve access to higher education before and during employment by providing study grants and evening and part-time courses. (Δ) R20: Develop the link between education and labour markets via internships and engagement with private companies.

Note: Two types of recommendations were formed: (*) designates the provision of additional benefit or increase of coverage that leads to costs that can be calculated using Rapid Assessment Protocol; (Δ) designates requirement for detailed studies or can be implemented through specific technical cooperation projects.

Exercise 2: List of potential institutions and the need for institutional enhancement to expand the skilled and semi-skilled workforce and to support enterprise creation

Functions	Potential institution	Alternate institution	Institutional enhancement
1. Identify needed skills	Ministry of Labour and Skills Development (MOLSD)	<p>MOLSD – Department of Skills Advancement (DSA)</p> <p>MOLSD – Department of Labour (DOL) (based on JobsCoresiaNow request for workers)</p> <p>Department of Coresian Industrial Relations and Department of Small and Medium Enterprises within Ministry of Private Sector Involvement (MOPSI), through their tripartite dialogue</p> <p>Ministry of Basic and Higher Education (MOBHE)</p>	<p>DSA is the government department responsible for promoting and coordinating strategies and skills training programmes in line with efforts to reinforce skills.</p> <p>One institution needs to get an overview on the labour market.</p> <p>Enhance tripartite dialogue.</p> <p>Develop a national skills reference list.</p>
2. Develop the training	MOLSD	<p>MOBHE in case the targeted skill can be integrated to existing curriculum or needs a dedicated curriculum (for example IT management).</p> <p>NGOs.</p> <p>Contracted companies.</p>	
3. Provide accreditation for training – validate the content and quality	MOLSD	MOLSD – DSA.	DSA is the main focal point for identifying approved training providers and training courses.
4. Identify beneficiaries	MOLSD	<p>MOLSD – DSA</p> <p>MOLSD – DOL (based on JobsCoresiaNow registry of jobseekers).</p> <p>Ministry of Women and Social Welfare – especially in case of targeted trainings.</p>	Access to the Ministry of Interior database for identification of potential beneficiaries.
5. Deliver the training	Various		All the training delivered should be recorded in a single database to ensure good communication to the targeted people and also the consistency and adequacy of the delivered courses.

Functions	Potential institution	Alternate institution	Institutional enhancement
6. Ensure the link between the training and labour markets	MOLSD	MOPSI, thanks to its link with employers.	
7. Develop apprenticeships	Ministry of Labour and Skills Development	MOPSI, thanks to its link with employers.	<p>Possibility to use JobsCoresiaNow as a single window for all apprenticeship positions.</p> <p>Legal framework to be determined, in particular:</p> <ul style="list-style-type: none"> ▪ How to ensure that the installation of apprenticeships will not lead to the casualization of existing jobs. ▪ How to provide a minimum earning to apprentices and how to enforce employers to use that type of contract. ▪ How to link apprenticeships to sustainable positions.
8. Support graduates in finding jobs	MOLSD – DOL – JobsCoresiaNow	JobHighway (under contract, notably to ensure non-discrimination).	<p>Establish the case management approach in JobsCoresiaNow centres.</p> <p>Set up more JobsCoresiaNow centres, especially in remote areas.</p> <p>Redesign the portal and improve flow of information.</p> <p>Support for mobility.</p>
9. Access to grant for own-employed		<p>MOPSI-Microfinance and Enterprise Development (MED)</p> <p>Ministry of Women and Social Welfare – the Coresian Empowerment for All Programme's Self-Employment Assistance Programme (CEFAP-SEAP)</p> <p>Coresian Skills Fund (CSF)</p>	<p>Develop an umbrella entity for the two programmes</p> <p>CEFAP-SEAP encourages entrepreneurship and setting up of own businesses.</p> <p>The aim of the MED is to support the creation and growth of local enterprises.</p> <p>Develop access to grants and loans, especially for CEFAP-SEAP and CSF self-employed participants.</p>

Functions	Potential institution	Alternate institution	Institutional enhancement
10. Communicate information on the available programmes	MOLSDC – DOL – JobsCoresiaNow	JobHighway (under contract, notably to ensure access to information without payment)	<p>Install JobsCoresiaNow as the one-stop shop for training and skills development.</p> <p>Establish more JobsCoresiaNow centres, especially in remote areas.</p> <p>Redesign the JobsCoresiaNow portal and improve the flow of information.</p>

Exercise 3: Inventory of key elements in the proposed legal framework

Refer to the Annex for an inventory of key elements in a proposed legal framework and adapt it to the National Skills Development and Placement Organization.

Exercise 4: Possible scenarios of options

- Scenario SD1-1: Establish a 60-day vocational training programme over three months for senior unemployed workers aged between 45 and 55, with the cost of training at COD300 per head per day.
- Scenario SD1-2: Establish a 60-day vocational training programme over three months for senior unemployed workers aged between 45 and 55, with the cost of training at COD300 per head per day and provide a daily stipend of COD300.
- Scenario SD1-3: Establish a 60-day vocational training programme over three months for senior unemployed workers aged between 45 and 55, with the cost of training at COD300 per head per day, provide a daily stipend of COD300 and fully subsidize the voluntary social insurance contribution at 12 per cent of the minimum wage level.
- Scenario SD2-1: Provide interest-free self-employment loans to unemployed workers, averaged at COD200,000 and indexed at the inflation rate.
- Scenario SD3-2: Provide 30 days of training to every worker who has completed 100 days of work under the READI Programme, at an estimated cost of COD300 per day. (Scenario SD3-1 calculates the cost of the status quo READI Programme as comparison.)
- Scenario SD3-3: Provide 30 days of training to every worker who has completed 100 days of work under the READI Programme, at an estimated cost of COD300 per day, and fully subsidize the voluntary social insurance contribution for READI participants in the social work sector.
- Scenario SD4-1: Provide mobility assistance allowance worth three months of the minimum wage for the unemployed to cover travel, removal and resettlement expenses.

Exercise 5: Projected cost of enhancing skills and promoting employment in low and high scenarios

Scenario SD1-1: Establish a 60-day vocational training programme over three months for senior unemployed workers aged between 45 and 55, with the cost of training at COD300 per head per day.

Scenario SD1-2: Establish a 60-day vocational training programme over three months for senior unemployed workers aged between 45 and 55, with the cost of training at COD300 per head per day, and provide a daily stipend of COD300.

Scenario SD1-3: Establish a 60-day vocational training programme over three months for senior unemployed workers aged between 45 and 55, with the cost of training at COD300 per head per day, provide a daily stipend of COD300 and fully subsidize the voluntary social insurance contribution at 12 per cent of the minimum wage level.

Assumptions:

- The unemployment rate for senior workers aged 45–55 is the same as the national unemployment rate.
- The vocational training scheme targets 5,000 participants in 2017, with subsequent annual growth in the take-up rate at 2.5 per cent.
- The training costs, estimated at COD300 per head per day (COD18,000 per head for three months, with 20 training days per month), will increase following the average wage increase (constant at 4.3 per cent).
- The monthly training stipend will be 50 per cent of the monthly minimum wage (COD6,000 divided by 2).

Scenario SD2-1: Provide interest-free self-employment loans to unemployed workers, averaged at COD200,000 and indexed at the inflation rate.

Assumptions:

- The take-up rate of the self-employment loans will be 2.5 per cent (based on the MED loans take-up rate), with an annual growth rate of 2.5 per cent.
- Average loans are COD200,000 and indexed to the inflation rate.

Scenario RU1-1: Status quo READI Programme.

Scenario RU1-2: Provide 30 days of training to every worker who has completed 100 days of work under the READI Programme, at an estimated cost of COD300 per day.

Scenario RU1-3: Provide 30 days of training to every worker who has completed 100 days of work under the READI Programme, at an estimated cost of COD300 per day, and fully subsidize the voluntary social insurance contribution for READI participants in the social work sector.

Assumptions:

- The percentage of the rural population, at 65.6 per cent in 2015, will decrease by 2.5 per cent annually.
- The proportion of unemployed or underemployed workers living in rural areas will double the national proportion of unemployed or underemployed.
- The take-up rate is based on the take-up rate calculated in 2016, at 375,182 READI participants, with annual growth of 2.5 per cent.
- Average benefit costs, calculated from 2015 government expenditure of 22.9 billion, two-thirds of which was spent on workers' salaries, will be constant over time.
- The average work days per head per year will be constant over time; 81 per cent of READI participants have a minimum 100 work days a year.
- Training costs, estimated at COD300 per head per day (COD9,000 per head for 30 days of training), will increase following the average wage increase (constant at 4.3 per cent).
- The proportion of social workers under the READI Programme was 23.5 per cent in 2016 and will grow annually at 2.5 per cent.
- The take-up rate of READI training will be 10 per cent among READI participants within the minimum 100 work days a year.

Scenario SD4-1: Provide mobility assistance allowance worth three months of the minimum wage for unemployed workers to cover travel, removal and resettlement expenses.

Assumptions:

- The take-up rate of mobility assistance will be 1 per cent in 2017, with an annual growth rate of 2.5 per cent.
- Mobility assistance allowance for travel, removal and resettlement expenses will be equivalent to three months of the minimum wage (COD6,000 per month).

Table 5: Results of the costing exercise for skills development and employment promotion

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Scenario SD2-1: Self-employment loans										
Cost of Scenario (COD million)	0	0	9 235	9 743	10 016	10 292	10 571	10 852	11 128	11 413
Cost as % of GDP	0.00	0.00	0.08	0.07	0.07	0.07	0.06	0.06	0.06	0.05
Cost as % of government expenditure	0.00	0.00	0.38	0.38	0.36	0.34	0.33	0.31	0.30	0.28
Scenario SD3-1: READI public works programme										
Cost of Scenario (COD million)	16 238	16 030	16 098	16 149	16 190	16 221	16 242	16 253	16 255	16 247
Cost as % of GDP	0.15	0.14	0.13	0.12	0.11	0.11	0.10	0.09	0.08	0.08
Cost as % of government expenditure	0.63	0.67	0.67	0.63	0.58	0.54	0.50	0.47	0.43	0.40
Scenario SD3-2: READI + training										
Cost of Scenario (COD million)	16 238	16 038	16 386	16 450	16 505	16 550	16 586	16 613	16 630	16 638
Cost as % of GDP	0.15	0.14	0.14	0.13	0.12	0.11	0.10	0.09	0.08	0.08
Cost as % of government expenditure	0.63	0.67	0.68	0.64	0.59	0.55	0.51	0.48	0.44	0.41
Scenario SD3-3: READI + Training + SI contribution (social workers)										
Cost of Scenario (COD million)	16 238	16 038	17 210	17 319	17 420	17 514	17 600	17 679	17 749	17 814
Cost as % of GDP	0.15	0.14	0.14	0.13	0.12	0.11	0.11	0.10	0.09	0.08
Cost as % of government expenditure	0.63	0.67	0.72	0.67	0.63	0.58	0.55	0.51	0.47	0.44
Scenario SD4-1: Mobility assistance										
Cost of Scenario (COD million)	0	0	332	342	352	361	371	381	391	401
Cost as % of GDP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost as % of government expenditure	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

ANNEX

Institutional structure

Government institutions in Coresia will have a vital role in achieving the objectives of the National Ten-Year Plan, especially in the development of an unemployment insurance scheme and enhancing skills development for workers. Departments will need to collaborate and develop close links between income support (unemployment insurance) and employment sustainability through active labour market programmes.

The main ministries and departments (see Exhibit 1) dealing with income support, employment initiatives and training are:

1. Ministry of Labour and Skills Development:
 - Department of Social Security
 - Department of Labour responsible for the job-matching portal JobsCoresiaNow
 - Employer Sustainability Fund
 - Department of Skills Advancement
2. Ministry of Private Sector Involvement:
 - Department of Small and Medium Enterprises
 - Department of Coresian Industrial Relations
3. Ministry of Rural Development
4. Ministry of Revenue
5. Ministry of Women and Social Welfare
6. Ministry of Basic and High Education
7. Ministry of Interior
8. Private sector: JobHighway
9. Tripartite Project Committee for Labour and Social Security

1. Ministry of Labour and Skills Development

The Ministry of Labour and Skills Development (MOLSD) is responsible for determining the policies and direction to build a world-class workforce. It takes a leading role in the establishment of income-support programmes and employment initiatives to assist individuals' return to work as quickly as possible.

Outside the formal economy, the MOLSD is spearheading the training sector with 14 Vocational Training Institutes (VTIs). Knowledge workers are expected to have three key sets of competence – technical, social and learning. The MOLSD regards apprenticeships as one of the best ways for workers and potential workers to obtain these competencies.

The VTIs offer industrial skills training programmes at the basic, intermediate and advanced levels. These include apprenticeship programmes in the mechanical, electrical, building and printing trades as well as programmes to upgrade skills and train instructors.

Department of Social Security

The Department of Social Security has 46 provincial and branch offices located throughout Coresia that provide full service to employers and insured persons as well as a call centre to respond to inquiries. The Department of Social Security administers four schemes, covering seven social security contingencies:

- The Work Injury Benefits Scheme (WIBS) provides protection for insured persons from industrial accidents, including occupational diseases and commuting accidents related to work. Types of benefits include medical benefit, temporary disability benefit, permanent disability benefit, constant attendance allowance, dependants' benefit, funeral benefit, rehabilitation benefit and the education benefit.
- Old Age, Invalidity and Survivors' Pension (OAISP) Scheme provides 24-hour protection to insured persons against disability or death due to any cause. Types of benefits include old-age pension, disability pension, disability grant, constant-attendance allowance, survivor's pension, funeral benefit, rehabilitation benefit and education benefit.
- The Sickness and Maternity Scheme (SMS) provides income replacement for individuals on sick leave (with medical certification) or maternity leave.
- The National Health Insurance Programme (NHIP) provides mandatory health insurance for workers who are employed or self-employed and for rural and informal economy workers and their dependants.

Table A1: Contribution rates of the Department of Social Security schemes (%)

Mandatory contribution	Employers	Workers	Total
WISB	2		
OAISP	3.5	3.5	
SMS	0.5	0.5	
NHIP	2	2	
Total the social security system contribution	8	6	14

Voluntary contribution	Workers	Total
WISB	2	
OAISP	7	
SMS	1	
NHIP	4	
Total the social security system contribution	14	14

The national health insurance programme is mandatory for all. The other three schemes are mandatory for individuals working in the formal economy and extend to voluntary contributors working in the informal economy. Voluntary social insurance contributors as defined by Article 3.4 of the Law on Social Insurance include self-employed, unemployed and informal economy workers who are Coresian residents of working age. The voluntary social insurance contribution is paid by the insured person only and is calculated as a proportion of their self-declared, insurable reference income (between minimum wage and ten times the minimum wage). However, coverage among voluntary contributors remains low, especially among young and rural workers.

For the four components, the Department of Social Security administers the registration of employers for collection purposes, collection of contributions from employees and employers, assessing benefit applications, deciding on entitlements and disbursing benefits.

Department of Labour

The Department of Labour has 50 offices located throughout the country to deal with issues surrounding provisions of the Employment Act (such as minimum wage), enforcement of the Labour Protection Act, issues regarding employer and worker relations and unfair dismissals. The Department of Labour conducts investigations and makes recommendations on complaints from employers and workers concerning provisions of the labour laws.

Having established a processing unit for injury claims from migrant workers, the local Department of Labour makes assessments and determines workers' compensation claims, but staff are not involved in the registration of employers and employees for collection purposes; nor do they collect contributions. They also are not involved in the payment of benefits nor do they conduct job-seeking interviews. The number of claims received for assessment by the Department of Labour is minimal. A total of 1,003,865 migrant workers were insured but only 4,366 individuals received injury benefits in 2015 and 3,428 individuals received it in 2016.

The Department of Labour is also responsible for providing employment support through **JobsCoresiaNow**. JobsCoresiaNow provides an electronic job-matching website for employers and workers as well as job counselling, job search and resume writing workshops and labour market information. There are 25 full-service centres throughout the country and an additional 40 shared premises with other departments. But there is a problem with access to JobsCoresiaNow centres in rural areas, particularly in the northern and eastern areas of Coresia.

The job portal website registers a half million jobseekers in all sectors and covers the public service sector, and there is also assistance for housewives and other groups. As of December 2016, the job portal site listed 360,593 registered jobseekers on all job sectors. Only 2 per cent were registered in elementary occupations. The site also listed 202,617 job vacancies, but 131,847 of those vacancies were listed as elementary occupations. By eliminating the elementary occupations, the number of jobseekers totalled 353,444, while the number of job vacancies dramatically dropped, to 70,770, giving a ratio of 499 jobseekers per every 100 job vacancies.

The portal website lists job vacancies for employers who are looking for migrant workers; but employers are required to list with JobsCoresiaNow initially to allow Coresian residents access to these job listings, which explains the substantial number of elementary occupations. Jobseekers have critically noted that the site looks congested and needs an overhaul.

The Coresian Skills Fund falls under the jurisdiction of the Department of Labour, and its objective is to improve employability of workers, help them upgrade to better positions and facilitate their return to work, especially for youths who are experiencing problems in finding sustainable employment.

Employer Sustainability Fund

The Employer Sustainability Fund operates on a levy and grant system and collects levies from registered employers (mainly from the manufacturing and services sectors) but not all employers (contribution rate for employers is 1 per cent of employees' wages). Workers do not pay contributions to the fund. Employers who pay the levy can qualify for training grants from the fund to defray or subsidize training costs for their employees. The rate of financial assistance is 100 per cent of the allowable costs incurred for training, such as ISO-related training, and up to 50 per cent for costs incurred overseas. The approved financial assistance was COD1.5 billion (\$48.3 million) in 2016, compared with levies of COD1.3 billion (\$41.9 million).

In 2016, 12,870 employers were registered in the Employer Sustainability Fund, which also processes grant requests and issues payments, but on a much smaller scale than the Department of Social Security. Unfortunately, they do not have a nationwide network of offices for filing unemployment insurance applications for benefits and no experience in processing social insurance benefits.

Because of the emphasis given to retraining and upgrading the skills of the Coresian workforce to achieve the status of industrialized country by 2025, the Employer Sustainability Fund is expected to take a prominent role in achieving the Government's goals.

Department of Skills Advancement

The Department of Skills Advancement (DSA) is responsible for promoting and coordinating strategies and skills-training programmes in line with efforts to reinforce skills. The DSA is the focal point for identifying approved training providers and training courses. The main objective of DSA is to coordinate and regulate the implementation of training skills and produce skilled workers of national and international standards for the job market. They are also involved in accreditation, certification, vocational training and implementing the National Training Certification Programme, which is achieved through assessment and training. Candidates can receive the Coresian Skills Award if they meet the requirements of the National Occupational Skills Standard, which was developed and is regulated by the DSA.

In Coresia, many programmes and institutions offer a variety of training and skills-upgrading courses. There are many approved training providers and courses under the responsibility of DSA, which also has an effective accreditation process and good training opportunities.

2. Ministry of Private Sector Involvement

The Government places a great deal of importance on its relationship with the private sector and collaborates with the private sector on all major economic and social issues.

Department of Small and Medium Enterprises

Small and medium-sized enterprises (SMEs) have a vital role in the Coresian economy and are considered the backbone of the country's industrial development. The Department of Small and Medium Enterprises (DOSME) represents 240,000 enterprises, which have unique problems and issues compared with larger enterprises. Representation for SMEs include sitting on boards of funds and collaboration with worker groups as well as developing consensus on important government issues.

The DOSME implements the Microfinance and Enterprise Development (MED) Programme in close collaboration with the Ministry of Rural Development. The MED Programme targets men and women from rural households (current place of residence). The aim of the MED Programme is to support the creation and growth of local enterprises.

Department of Coresian Industrial Relations

Industrial relations are those between an employer and collective workforce, almost exclusively held together by a recognized union, although this does not necessarily need to be the case. "Employee relations" is a far broader term entailing all matters involving the relationship between an employee or employees and the employer.

The Department of Coresian Industrial Relations coordinates communication between the employers' organizations and workers' organizations to promote and preserve the tripartite relationship between the Government, employers and workers in the field of industrial relations. The Department also provides advice to employers, employees, employers' organizations and workers' organizations to promote good practices and healthy industrial relations.

3. Ministry of Rural Development

The Ministry of Rural Development is responsible for the socio-economic development and welfare activities in rural Coresia, which is particularly important for the overall development of the country. The Ministry strives to work towards sustainable and inclusive growth, achieved through the alleviation of poverty, improvement in education and work opportunities and the building of good-quality infrastructure and facilities. Through the strategic objective and mission of the Ministry of Rural Development, the Government hopes to improve livelihoods in rural areas and bring about equitable distribution of growth by covering the most disadvantaged sections of society.

The Ministry operates the public employment programme known as the Rural Engagement and Development of Infrastructure, or READI.

4. Ministry of Revenue

The Ministry of Revenue is responsible for the determination and collection of income tax from enterprises and Coresian individuals. It was established in 1965 under the Income Tax Act and is one of the oldest ministries. Individuals can file their income tax via mail or the internet, depending on individual circumstances. There is speculation that the Ministry could have an important role in the integration of the collection of contributions from employers for social insurance schemes.

5. Ministry of Women and Social Welfare

The Ministry of Women and Social Welfare manages programmes that focus on gender equality, family and community development and assistance to people with disabilities, older persons and people in need. Programmes for the poor target the neediest individuals or households. For example, the Coresian Empowerment for All Programme is designed to provide the rural poor with job opportunities through such initiatives as job placement, vocational training and entrepreneurship support.

This Ministry is the Government's source of advice on issues relevant to advancing the well-being of women. This encompasses women having real choices and using their strengths to maximize social and economic success. The Ministry's target areas are greater economic independence, more women in leadership and increased safety from violence.

The Ministry's work in the greater economic independence area focuses on enabling women to make informed choices that lead to better lifetime incomes. Efforts in this area focus on the factors that can support women to more fully access economic opportunities and resources, such as:

- helping women with low income and benefits find sustainable quality work;
- strengthening enablers of women's employment, such as affordable quality childcare; and
- encouraging women into self-employment through microfinancing business enterprises.

Old-Age Pension Programme is a non-contributory mechanism to provide assistance to people reaching the age of 65 without adequate pension savings. Benefits are subject to a means test, and individuals are required to complete an application for benefit upon turning 65.

The Ministry of Women and Social Welfare is responsible for designing, reforming and implementing the Minimum Income Guarantee of Coresia Programme, which is in the midst of being reformed into the Active Solidarity Income Programme.

The other flagship programme of the Ministry of Women and Social Welfare is the **Coresia Empowerment for All (CEFAP)**, which has four components:

- Training and Job Placement, which provides vocational training and facilitates job placement and access to job portals. It is coordinated by the Department of Skills Advancement.
- Self-Employment Assistance Programme, which encourages entrepreneurship and own businesses by providing low-interest loans, enabling access to raw materials and by providing training and sales support.

- Relief Fund, which provides emergency cash benefits of up to COD4,000 to families affected by a natural disaster.
- Vulnerable Women and Persons with Disabilities, which provides income support that is conditional on an active job search or attending a vocational training programme.

6. Ministry of Basic and Higher Education

The Ministry of Basic and Higher Education's mission focuses on developing the potential of individuals through quality education. The main objectives of this Ministry are to provide educational opportunities for all Coresians and to provide human resources to respond to the needs of the nation.

Technical and vocational education under the Ministry begins at the primary school level, when students are introduced to the study of pre-vocational subjects that cover various aspects of manipulative skills. As students progress into the lower secondary level, pre-vocational education is continued through a living skills programme that provides students further exposure to various areas of simple vocational skills. The upper secondary level is the level in which technical and vocational education formally commences. These courses cover the core subjects of language, mathematics and science, but students are also required to take selected technical and vocational subjects. Later in life, if an individual loses employment, adult classes on these technical and vocational subjects are provided in full-time, part-time or night courses.

The second mandate of the Ministry is to develop and create a higher education environment to encourage the establishment of centres of knowledge and the development of competent, innovative and ethical individuals, thus fulfilling national and international aspirations.

The Ministry is responsible for developing an advantageous ecosystem in public and private institutions of higher education, polytechnics and community colleges. These institutions are the main components in the ecosystem of higher education and national training to produce thinkers, scholars, scientists and a skilled and semi-skilled workforce.

The Ministry launched the Graduate Employability Blueprint 2015-20, with the aim of ensuring graduate employability. The target is to achieve a minimum of 75 per cent of graduates obtaining employment upon completing their studies, and the Ministry has laid out the groundwork towards achieving it.

In collaboration with JobsCoresiaNow, the Ministry conducts job fairs quarterly to bring together prospective employers looking for professional and skilled workers (or apprenticeships) as well as new graduates. The latest job fair received 3,255 visitors and placed a total of 280 jobseekers in gainful employment; many employers elected to receive applications only and would contact the prospective jobseekers with formal interviews at the employer's location. In a survey of jobseekers visiting the job fair, 85 per cent of graduates graded the efforts of the Ministry in administering the job fair as excellent or very good.

7. Ministry of Interior

The Ministry of Interior is responsible for the distribution and maintenance of the national ID card as well as the database containing the records of individual Coresians. They have electronic links with the Ministry of Labour and Skills Development and its departments, the Ministry of Women and Social Welfare and the Ministry of Basic and Higher Education. Statistical data is gathered by the Ministry of Interior on registration with social protection and employment support schemes, usually on a monthly basis, and reports are generated on a quarterly basis to the social providers.

In addition, decisions to decentralize the government administration, including opening new JobsCoresiaNow centres and social security and social assistance offices, fall under the Ministry of Interior's responsibility, in consultation with relevant ministries.

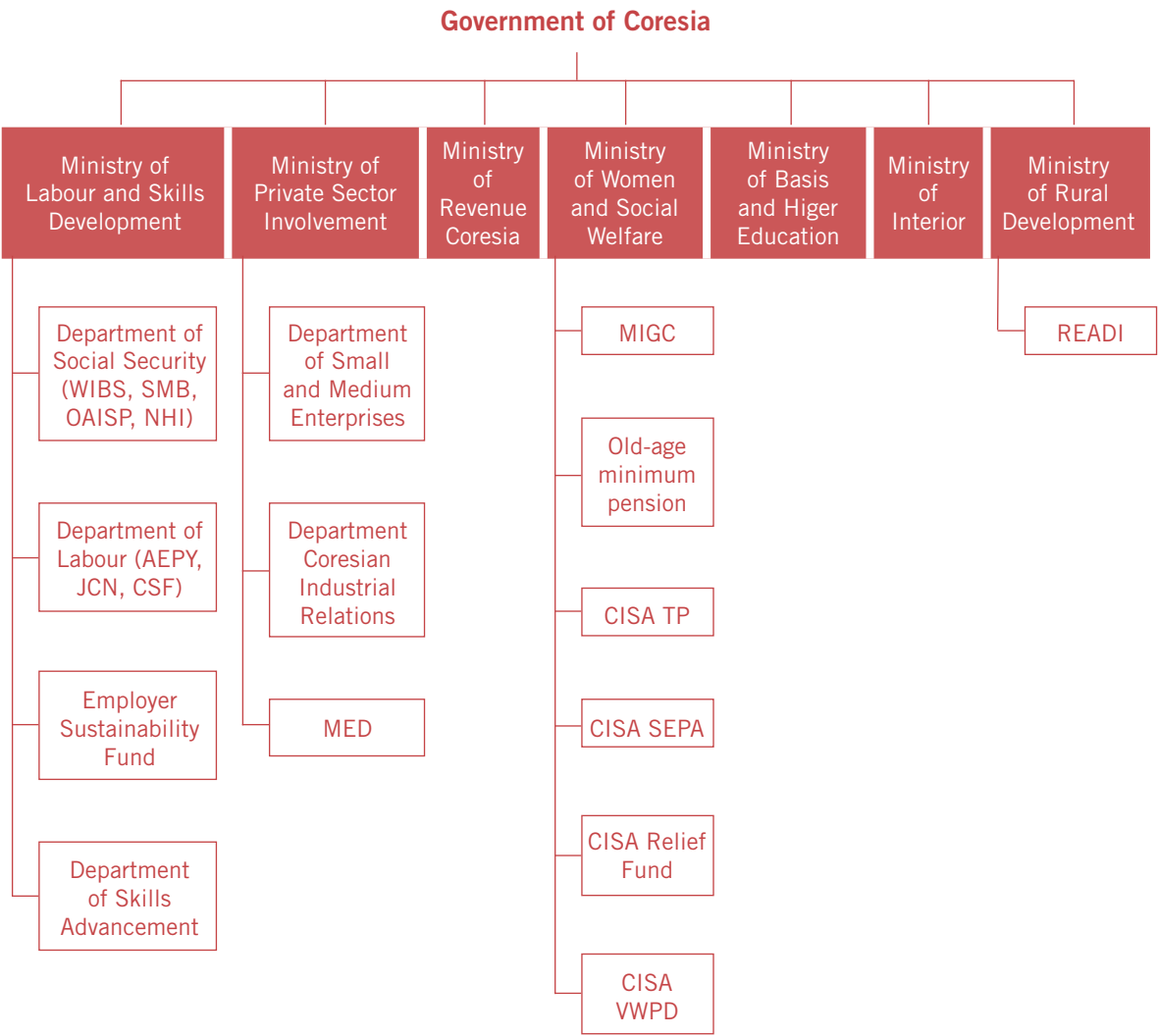
8. Tripartite Project Committee for Labour and Social Security

The Tripartite Project Committee for Labour and Social Security (TPC-LSS) comprises representatives from the Government, line ministries, workers' and employers' organizations and development partners as well as experts in the fields of employment and social security.

For specific schemes (unemployment insurance, employment support or skills development), working groups within the TPC-LSS are established with representatives from the departments with direct interest in the schemes and relevant experts.

The mandate of the tripartite committee is to decide on the most effective unemployment protection and employment support schemes for Coresia and present their findings at a national forum with all stakeholders in the capital city.

Exhibit 1: Institutional structure



Inventory of key elements in a proposed legal framework

Preamble

Part 1 – Title and commencement, interpretation, purpose and application

1. Short title and commencement
2. Purpose
3. Definitions
4. Coverage

Part 2 – Establishment and management of the organization

5. Establishment OR link with existing organization and purpose of the organization
6. Administration of the organization
7. Board of directors
8. Frequency of meetings
9. Functions and duties of the board of directors
10. Director General
11. Audit

Part 3 – Establishment and administration of the programme and its funds

12. Establishment and administration
13. General responsibility of the State

Part 4 – Registration with the organization

14. Registration of employers and beneficiaries
15. Information to be provided to employers
16. Information to be provided to beneficiaries

Part 5 – Benefits

17. List and type of benefits (such as financial compensations, active labour market policies, health insurance coverage)
18. Level and duration of benefits

Part 6 – Payment of benefits

19. Qualifying conditions (targeting methods in the case of non-contributory schemes, reasons for job dismissal)

Part 7 – Claim process

20. Notification of termination of employment or search for employment
21. Claim procedures and modalities for payment of unemployment benefits
22. Establishment of payment facilities and mechanisms

23. Liabilities to return over-payment.

Part 8 – Financing of the unemployment protection fund

A. Contributory schemes

- 24. Insurable income (definition of wage and earnings, consideration for overtime, allowances and bonus)
- 25. Rate of contributions by employers and employees
- 26. Responsibility for collecting contributions
- 27. Responsibility of employers for deducting workers' contributions and for remitting them to the unemployment protection organization
- 28. Time period for remitting contributions by employers
- 29. Protection of employees in case the employer fails or neglects to remit contributions
- 30. Responsibility for monitoring the public budget transfer and periodical actuarial reviews (especially before undertaking any reform of the system)

B. Non-contributory schemes

- 24. Public budget allocation
- 25. Responsibility for monitoring the public budget transfer and periodical actuarial reviews (especially before undertaking any reform of the system)

Part 9 – Revision and appeals

- 31(or 26). Request for revision of initial decision of the unemployment protection administration
- 32 (or 27). Claim to the national labour commission
- 33 (or 28). Appeal to the appellate court

Part 10 – Penalties and enforcement

- 34 (or 29). Penalty for non-payment or late payment of contributions
- 35 (or 30). Penalty for violation of the law
- 36 (or 31). Enforcement mechanisms

Part 11 – General and final provisions

- 37 (or 32). Contributions and benefits not subject to taxation
- 38 (or 33). Implementation plan
- 39 (or 34). Regulation

Case studies and exercises on unemployment protection: Based on the fictional country of Coresia

The case studies and exercises on unemployment protection based on the fictional country of Coresia is part of the training material of the *Unemployment protection: A good practices guide and training package, Experiences from ASEAN*. The training material was produced under ILO/Japan Project, Promoting and Building Social Protection in ASEAN, launched in 2011. The five case studies simulate the different steps of a feasibility study used to design unemployment protection schemes.

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