



Designing and implementing **unemployment benefits**
integrated with active labour market policies

Report of the Hands-on training course on “**Designing and implementing unemployment benefits integrated with active labour market policies**”

Bangkok and Ayutthaya, Thailand
7 – 16 October 2013



International Labour Organization



ILO/Japan
Multi-bilateral
Programme



Chulalongkorn University



International Training Centre



“Unemployment protection is a very powerful tool to ensure sustainable growth, reduction in inequalities and decent work for all. It is also important to provide training and measures to help people get back to work.”

Yoshiteru Uramoto
Assistant Director-General, ILO
& Regional Director,
ILO Regional Office for Asia and the
Pacific

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“The ILO/Japan project on ‘Promoting unemployment insurance and employment services in ASEAN’ enabled the creation of a knowledge hub and expertise platform of the region.”

Yukihiro Kaneko
First Secretary,
Embassy of Japan in Thailand



“To deal with the adverse effects of economic crises, it is more important than ever to invest in and set guidelines and principles on social protection, job creation, human capacity development.”

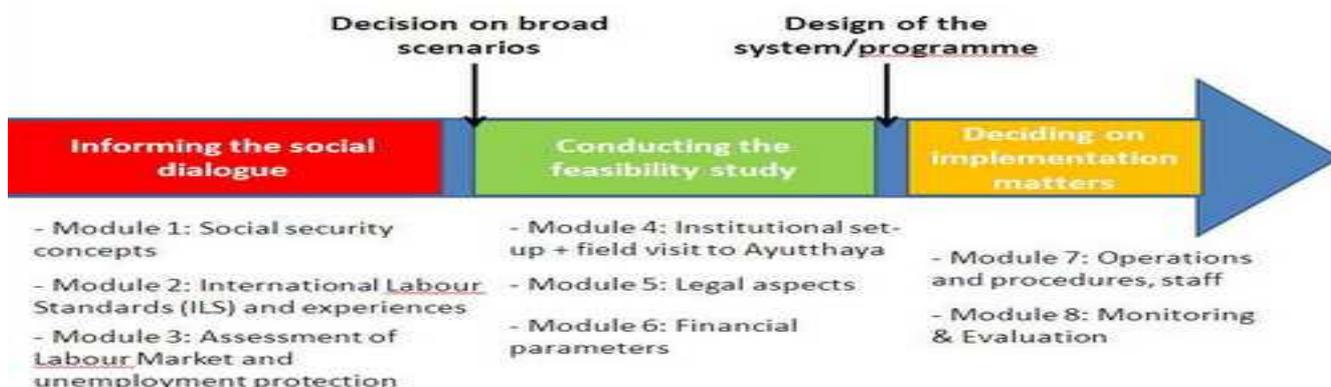
Dr Chayodom Sabhasri
Dean, Faculty of Economics,
Chulalongkorn University, Bangkok

1. The training

The hands-on training course, organised by the ILO in partnership with its International Training Centre (ITC ILO) and the Chulalongkorn University of Thailand in October 2013, aimed to guide policy makers in the design and implementation of integrated unemployment protection programmes and employment support policies. The course was an opportunity to test a training package for designing and implementing unemployment benefits linked with active labour market policies for formal and informal economy workers. Topics addressed in the course include international labour standards on unemployment protection (UP), importance of social dialogue in developing such measures, legal framework, institutional set-up, financial projections, and operational aspects.

The workshop was conducted as part of the ILO/Japan project on “Promoting unemployment insurance and employment services” in ASEAN countries over the past two years. The project had gathered experiences, and developed guidelines and tools to implement unemployment protection measures in various ASEAN countries, which influenced the content and conduct of the different sessions in the workshop. During the course, a step-by-step simulation of the design of UP schemes was conducted, through case studies and group exercises. The case studies focused on unemployment insurance (UI) and measures to reach informal economy workers, notably active labour market policies (ALMPs).

The course brought together 40 representatives of governments, social partners, and academicians from the ten ASEAN countries and Mongolia, who are directly involved in the planning, financing and management of social security systems and programmes to support the unemployed and underemployed.



2. Unemployment protection as part of a comprehensive social security system

Ms Valerie Schmitt and Ms Celine Peyron Bista elaborated on unemployment protection as being a part of a nationally-defined Social Protection Floor (SPF) and a more comprehensive social security system. The SPF guarantees to the entire population of a country at least a minimum access to social benefits and services. Unemployment protection should provide a combined package that aims to guarantee income security, increase employability and adaptability, and facilitate return to employment. Challenges faced in ASEAN countries, which ongoing initiatives are attempting to address, include problems in reaching out to the large share of informal and rural workers, low coordination among government agencies and social partners, insufficient fiscal resources and institutional capacity, among others. **Dr Sineenat Sermcheep**, Professor at Chulalongkorn University, provided an overview of recent labour mobility trends in ASEAN countries, elaborated with examples of various ASEAN countries.



“Experience has proven that only income compensation combined with employment support and skills development programmes can effectively help the unemployed to return to work.”

Celine Peyron Bista
Chief Technical Adviser,
ILO/Japan Project on “Promoting
Unemployment Insurance and
Employment Services in ASEAN”,
ILO Bangkok

3. International labour standards (ILS) guiding unemployment benefits

Ms Celine Peyron Bista talked about the Social Security (Minimum Standards) Convention, 1952 (No. 102), which is ILO’s flagship convention on social security. Part IV of Convention No. 102 deals specifically with unemployment benefits. While it sets minimum standards on social security, the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) provides useful guidelines for designing and establishing unemployment benefits. In a practical exercise, participants compared national laws of selected participating countries with Convention No. 102 and Convention No. 168, to check the extent to which the laws embody the principles of the Conventions.



Participants comparing national laws with ILO’s standards



“ILO’s Conventions and Recommendations set guiding parameters for the extension of social security and unemployment protection benefits, such as those on coverage, benefit amount, contribution rate, qualifying conditions, and so on.”

Valerie Schmitt
Social Security Specialist,
ILO Decent Work Technical Support
Team for East and South-East Asia
and the Pacific



“Unemployment insurance benefits everyone; as it can reduce hardship and poverty, alleviate burden on employers, shelter the workforce and stimulate consumer spending, and lead to greater economic and social stability.”

John Carter
International Expert on
Unemployment Insurance



“In Viet Nam, tripartite discussions led to the introduction of the Social Insurance Law in 2006 and the implementation of UI in 2009. Coordination among tripartite members was especially useful in the UI implementation, which now has a tripartite board.”

Le Quang Trung
Deputy Director,
Bureau of Employment,
Ministry of Labour, Invalids & Social
Affairs,
Government of Viet Nam



Learning from case studies

Learning from countries' experiences

The course shared some lessons learned from a comparative review of unemployment insurance systems of fourteen countries in Asia and worldwide, and recently released by the project. Each UI scheme is unique with special attention given to protect temporary/seasonal, domestic and migrant workers, new entrants, Small, Medium Enterprises and self-employed workers; certain flexibility in the parameters will allow adjusting the response to economic shocks and natural disasters; personalized employment services will be more effective. **Ms Loveleen De** presented few examples of countries implementing ALMPs to support the unemployed and underemployed. Among these examples were the Benazir Income Support Programme of Pakistan and the expanded public work programme of South Africa. **Thailand and Viet Nam** further elaborated on the UI schemes implemented in their respective countries. **Cambodia** then presented the National Employment Agency and the National Training Funds, which provides grants for training and self-employment.

4. Social dialogue for reaching a consensus on the broad scenarios

Ms Celine Peyron Bista emphasized that informed social dialogue is a key factor of the successful design of an unemployment protection system. Besides understanding the relevant ILS and learning from other experiences, to make informed decision, the government and social partners need to understand well the labour market situation and existing laws and programmes aimed at supporting the unemployed. For the latter, the assessment based national dialogue is a useful exercise that takes stock of existing programmes, identifies policy gaps and implementation issues, and develops recommendations to improve the unemployment protection system, while involving all relevant stakeholders.

Mr John Carter advocated UI benefits over severance payments, as they provide periodical benefits, are linked to employment services and are mandated by the State even if the firm cannot fulfil its financial obligations. Social dialogue is an ongoing process, where tripartite involvement and consultation are necessary to validate the information and move towards a consensus. **Malaysia, Mongolia, Philippines, Thailand, and Viet Nam** shared their experiences on the social dialogue processes surrounding the introduction of UI in their countries, and challenges to reach a consensus.

Learning by practice: case studies

Participants formed five groups to study practical cases and discuss the design of a complete unemployment protection system in a fictitious country named Coresia. Each group worked on a different aspect of an unemployment protection system.

1. **UI and non-contributory income support**
2. **UI linked with ALMPs**
3. **Employment guarantee for the youth**
4. **Income security for rural workers**
5. **Skill development and employment services**

5. Assessing options for institutional set-up and implications on the legal framework

After discussing key functions that are part of the process of applying and receiving benefits from an unemployment support programme, **Mr John Carter** presented different options for the institutional arrangements. Experiences show that it is critical to put in place mechanisms that will ensure effective coordination and linkages of unemployment benefits and employment services. Different institutions will be involved at different levels: policy making, claims processing, selection of participants to ALMPs, funds management, and monitoring and evaluation. The presentation was followed by a practical session where participants proposed an institution set-up based on the case studies.



Group exercise on mapping institutions and functions

Study visit to a public employment center in Thailand

A field visit to the Provincial Labour Office of Ayutthaya helped understand how a one-stop-shop for social security and employment benefits can be practically implemented. The Provincial Social Security Office (SSO) has 5,500 registered enterprises and 320,000 insured persons. The Labour Office and SSO are housed in the same building. Services provided include domestic and overseas employment services, vocational training and career guidance, and also manages the foreign workers system. A unique counter at the Center helps direct beneficiaries to the most appropriate office for their needs.



Ayutthaya Provincial Social Security Office



“Employment protection in Mongolia is provided through UI benefits, training, job counselling and job creation. A one-stop-shop provides easy access to all these services, which could otherwise be cumbersome.”

Munkhзориг Bulgankhuu
*Officer,
Labour Relations, Policy & Coordination
Department,
Ministry of Labour,
Government of Mongolia*



“The Social Service Delivery Mechanism designed in Cambodia, has many advantages. It increases the outreach of different social protection programmes, reduces duplication, empowers the local government and provides a combined package of benefits to the people.”

Thibault van Langenhove
Consultant on Social Protection



“It is important to be close to the beneficiaries and be aware of their needs, to ensure adequacy of the services and benefits. During the 2011 floods in Thailand, we were able to reach out to those in need.”

Pranee Chaidej
*Chief,
Pra Nakhon Si Ayutthaya Provincial
Labour Office, Royal Thai Government*



“Recommendations on unemployment benefits can be converted into specific policy options or scenarios, in discussion with stakeholders, and the cost of their implementation can be calculated.”

Loveleen De
Consultant

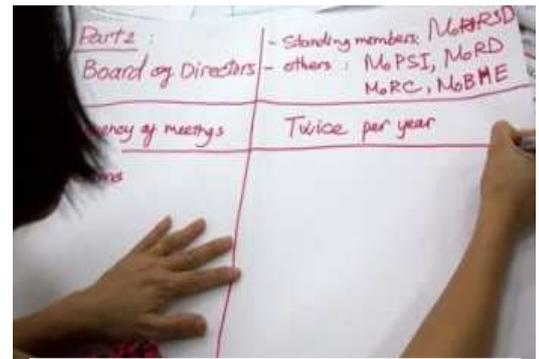


“An actuarial evaluation of an unemployment protection scheme is nothing but a financial projection done to check its sustainability, conducted before the introduction of the scheme and repeated every 3-5 years.”

Charles Crevier
Senior Programme Officer,
Social Protection Unit,
ILO-International Training Centre, Turin

Ms Celine P. Bista and **Mr John Carter** elucidated on the legal framework for unemployment benefits and consideration of possible amendments to existing laws, in accordance with international labour standards. There are two ways to introduce a law on UI; either to bring out a standalone act or to incorporate it into an existing social security or employment law. The session also helped participants understand relevant terms such as reasons for termination, just cause, suitable employment, scope of application, and so on. It also aimed to explain the elements surrounding the enforcement of UI programmes. Participants then divided into the five groups, to identify the essential elements for drafting a law for a social security scheme. Some of the elements identified were as follows:

- Purpose of the law, contingency definition
- Target group/Coverage
- Benefits provided
- Qualifying Conditions
- Reasons for suspension of benefits
- Financing methods
- Tripartite management board
- Enforcement mechanism
- Complaint & appeals mechanism
- Monitoring & evaluation



Group exercise on drafting a law

6. Estimating the cost of benefits

Ms Loveleen De explained the process of converting recommendations, identified through a process of social dialogue, into practical scenarios or policy options. Scenarios state the parameters of the unemployment protection scheme, such as benefit amount, target group, and so on. The cost of implementing

the scenarios can then be estimated.

Mr Charles Crevier talked about the process of conducting an actuarial evaluation of schemes. The main steps are collecting and analysing data, making assumptions, projecting the cost and performing a sensitivity analysis. He explained how financial calculations can be done for a contributory UI scheme and a non-contributory scheme such as a public works programme (PWP).



Group exercise on estimating the cost of UP benefits

7. Operations, monitoring & evaluation

Mr John Carter explained the steps in drawing up an implementation plan for unemployment protection schemes including the essential need for an effective computer system. The formation of a UI implementation committee, shortly after the decision to proceed with a UI scheme, will be critical in order to manage the various elements of the project. The implementation must take into consideration the necessary legal amendments, improvement of the registration mechanism, management and monitoring system, availability of offices and supplies, and capacity of human resources to implement the new scheme.

To ensure the success of the new programme, a solid communication strategy will be needed both within the responsible agencies, and externally to employers and beneficiaries, including vulnerable beneficiaries and those in remote areas. Collecting feedback and addressing grievances is another vital issue. Mr Carter also stressed on the importance of staff training on UI administrative matters, information technology (IT) and soft skills.

Ms Ngo Thi Loan shared the experience of the implementation of the UI scheme in Viet Nam and its challenges, the communication strategy and coordination between stakeholders. A training manual was developed to cover all the necessary aspect of the UI scheme's implementation. Staff training was given great importance.



"In Viet Nam, it has been seen that implementation of the programme and communication to beneficiaries are big challenges. It is essential to have a manual of procedures and establish the relevant steps and mechanisms."

Ngo Thi Loan
National Programme
Coordinator,
ILO/Japan Project on
"Promoting Unemployment



Enlisting Key Performance Indicators for measuring impact of UP schemes

Finally, Mr Carter introduced the importance of developing monitoring and evaluation tools for new UI schemes. This can be achieved through the identification of key performance indicators (KPIs) which are necessary to ensure good governance, assess whether targets are achievable and propose corrective measures when the targets are not achieved. Also, the implementation of quality monitoring programs will assist the UI department in ensuring the accuracy of payment and decision making within the UI service delivery system.

making within the UI service delivery system.

Malaysia gave the example of the "Satu Azam" programme targeting poor people in the country. Ten

staff members from each state meet every three months for training and to voice their problems, which are then resolved by the trainers. The staff members are shifted across states, to ensure a balance

between different states in achieving their targets.

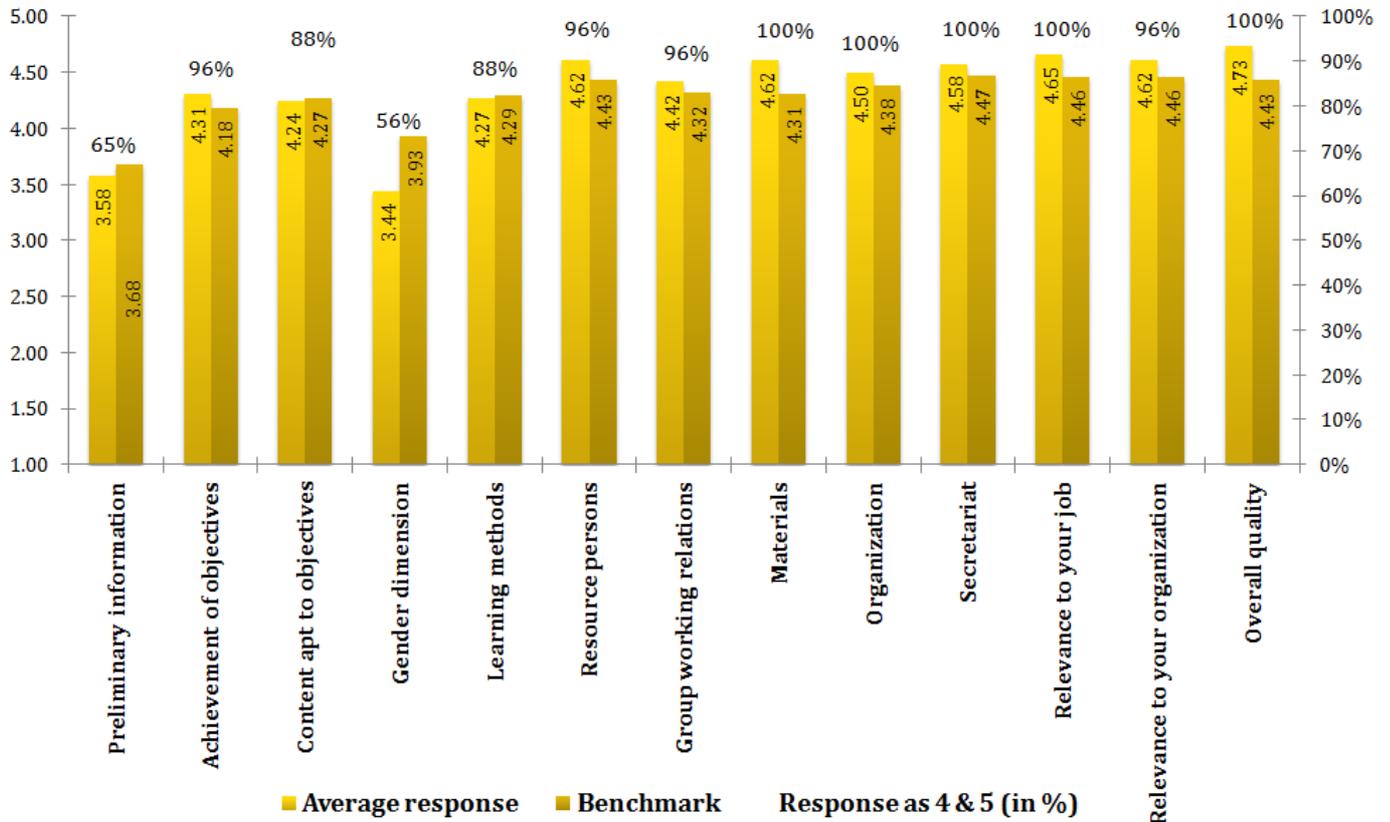


Unemployment insurance in Viet Nam, an experience to be shared
Viet Nam launched its unemployment insurance (UI) scheme in 2009. The UI scheme insures now more than 8 million workers...

http://www.youtube.com/watch?feature=player_embedded&v=c7WJv1pV8zk

8. Evaluation of the workshop

It was a success!



Responses of the participants were extremely positive, especially on the following aspects:

- ✓ *Overall quality*
- ✓ *Relevance of the training course to the participants' organisations and jobs*
- ✓ *Administrative arrangements*
- ✓ *Training material, including the good practices guide, case studies and presentations*



9. The workshop online

The screenshot shows the GESS (Global Extension of Social Security) website. The header includes the GESS logo and the text 'GLOBAL EXTENSION OF SOCIAL SECURITY' with language options for French, English, and Spanish. A navigation menu contains links for 'ABOUT US', 'RESOURCES', 'NEWS', 'WORKSPACES', 'TOPICS', 'REGIONS & COUNTRIES', and 'BLOG'. A search bar and a 'Log In' button are also present.

The main content area features a blue banner for the 'Training Course on Designing and Implementing Unemployment Benefits Linking with Active Labour Market Policies, 7-16 October 2013'. Below this, a red heading reads 'SHARING KNOWLEDGE, EXPERIENCES AND LESSONS FOR THE DEVELOPMENT OF POLICIES AIMED AT PROTECTING AND SUPPORTING THE UNEMPLOYED AND UNDEREMPLOYED IN ASEAN AND MONGOLIA'. A red circle icon represents the ILO/Japan Multi-bilateral Programme.

The text describes the course's location in Bangkok and Ayutthaya, Thailand, from October 7-16, 2013. It states that the course is organized by the ILO in partnership with the International Training Center of the ILO (ITC ILO) and the Chulalongkorn University of Thailand. The training aims to guide policy makers in the design and implementation of integrated unemployment protection programmes and employment support policies. It explores aspects of design and implementation for both informal and formal economy workers, covering international labour standards, financial aspects, laws, regulations, and institutional set-up, as well as the importance of social dialogue.

Participants include representatives of government, social partners, the civil society, and academia from ten ASEAN countries and Mongolia, all involved in the planning, financing, and management of social security systems.

The page also mentions the 'ILO/JAPAN PROJECT: PROMOTING UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICES IN ASEAN' and provides a link to read more about the project.

A 'RESOURCES' section lists several documents: 'Social Security (Minimum Standards) Convention, 1952 (No. 102)', 'Employment Promotion and Unemployment Protection Convention, 1988 (No. 168)', 'Recommendation on Social Protection Floors, 2012 (No. 202)', and a 'Comparative Review of unemployment and employment insurance experiences in Asia and worldwide'. It also includes links for 'Flyer', 'Agenda', 'List of participants', 'Photographs', and 'Videos - coming soon!'.

Below the resources is a section for 'MODULES', 'CASE STUDIES', and 'AGENDA & PRESENTATIONS'. Under 'CASE STUDIES', five case studies are listed, all related to the challenge of providing unemployment insurance and non-contributory income protection in Coresia.

A 'WHAT'S NEW' section at the bottom highlights the 'ILO/Japan training course on designing and implementing unemployment benefits linking with active labour market policies, 7 to 16 October 2013'.

On the right side of the page, there is a sidebar with a 'WIKI' section containing a 'home' link and a list of navigation options: 'Main page', 'Resources', 'News & Events', 'Forum', 'Blog', and 'Wiki - Home'.

Webpage of the training course and presentations: <http://www.social-protection.org/gimi/gess/ShowProjectPage.do?pid=2348>

Photographs of the course:

<https://plus.google.com/photos/105542368384290147136/albums/5945279603155961761?banner=pwa>



For further information please contact:

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Visit the webpage of the training course:

<http://www.social-protection.org/gimi/gess/ShowProjectPage.do?pid=2348>