Unemployment Protection in Asia-Pacific

Tuesday, August 18, 2015 John Carter

Agenda

- Unemployment Protection Throughout the World
- Unemployment Rates for Asian Countries
- International Labour Organization (ILO) Conventions
- Unemployment Protection Programs in Asia-Pacific existing and proposed
- Advantages and Disadvantages of Various Unemployment Protection Schemes
- Options to improve unemployment protection schemes
- Further Issues on unemployment protection:
 - Informal Economy
 - Obstacles faced by women and youth to benefit from unemployment protection schemes

Unemployment Protection throughout the World

- Information Available: **201** countries
- Unemployment Scheme anchored in national legislation: **89** countries (44%)
- Periodic cash benefits **85** countries (95%)
 - Social Insurance (Mandatory): **73** countries (86%)
 - Subsidized Voluntary Insurance: **3** countries (4%)
 - Mandatory individual savings accounts: **1** country (1%)
 - Only Social Assistance or Employment Guarantee Scheme: 7 countries (8%)
 - Only Mandatory individual savings accounts (periodic) 1 country (1%)

Unemployment Rates for Asian Countries

Table 2 - Unemployment Rate Statistics of Selected Asian Countries

Country	Rank*	Unemployment Rates (estimated 2013)			
		Total (%)	Male (%)	Female (%)	Youth (15-24) (%)
China	1	4.6	5.2	3.8	n/a
India	2	3.6	3.5	4.0	10.7
Indonesia	5	6.3	5.6	7.3	22.2
Japan	11	4.0	4.3	3.7	7.9
Philippines	13	7.2	7.2	6.9	16.3
Viet Nam	15	3.1	1.8	2.2	5.5
Thailand	21	0.7	0.8	0.7	2.8
Myanmar	25	3.4	3.1	3.7	n/a
South Korea	27	3.1	3.3	2.8	9.0
Malaysia	44	3.2	3.1	3.1	10.3
Taiwan	52	3.8	n/a	n/a	n/a
Cambodia	69	0.3	0.3	0.3	N/A
Singapore	116	2.8	2.6	3.0	6.7

^[1] World Bank.2013c: Data on Unemployment Rates: available at: <u>http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS/countries</u>

ILO Conventions

 Convention 102 (1952): Social Security (Minimum Standards) Convention

 Convention 168 (1988): Employment Promotion and Protection against Unemployment (also Recommendation 176)

- The flagship of all ILO social security Conventions – only international instrument for all nine branches of social security;
- Sets higher standards regarding unemployment benefits mainly but not only applicable to industrialized countries.

Unemployment Protection Programs in Asia-Pacific

- Mandatory Unemployment Insurance Schemes China (1986), Japan (1947), Taiwan (1999), Republic of Korea (1995), Thailand (2004), Bahrain (2006) and Viet Nam (2009);
- 2. Unemployment Savings Schemes Jordan (2011);
- 3. Severance Payment Programs;
- 4. Non-Contributory Programs for those who are economically active but not in formal employment (in the informal economy), the working poor in formal employment and the long-term unemployed;
- 5. Programs provided by non-government agencies and social assistance.

Mandatory Unemployment Insurance Schemes -1

- Need to have clear idea of what should be achieved by adopting a UI scheme, accompanied by a realistic view of the limits of such an instrument; no UI scheme can solve the unemployment problems of a country even if it's well designed and with Active Labour Market Policies;
- Main objective for UI: to provide temporary partial income replacement to qualified insured workers who have lost their job while they seek to obtain new employment;
- All UI schemes are unique and have different characteristics in the design of diverse elements; need for stakeholders in each country to develop their own design based on national priorities, their national economy, labour market and unemployment situation.

Mandatory Unemployment Insurance Schemes – 2

- Advantages:
- UI schemes benefit unemployed workers and their families, employers governments and society at large:
 - Unemployed workers and families: avoid poverty and financial difficulties and more positive attitude in finding a job that is suitable;
 - Employers: productivity gains in hiring someone with the right skill set and easier to terminate if protected by UI scheme; work sharing very popular to avoid layoffs and retrain;
 - Governments: brings economic stabilization during recessions and higher tax revenues;



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