

INTERNATIONAL EXPERIENCE CONCERNING THE SPECIAL INSTRUMENTS IN UNEMPLOYMENT ASSISTANCE

Tatiana COLESNICOVA,
PhD in Economics, Associate Professor, Leading Scientific Researcher,
NIER, Moldova

<https://orcid.org/0000-0001-9663-6991>, ctania@gmail.com

Valeriu DOGA,
Habilitated Doctor, University Professor,
NIER, Moldova

<https://orcid.org/0000-0002-8881-9541>, vdoga@mail.ru

DOI: <https://doi.org/10.36004/nier.cecg.IV.2022.16.1>

Summary

The implementation of various special instruments relating to unemployment assistance is analyzed in this scientific paper. The main focus is on analyzing the main ILO instruments as normative activities concerning unemployment allowances. The first instruments concerning unemployment assistance is the Unemployment Provision Convention No. 44 adopted in 1934 and the Unemployment Provision Recommendation No. 44 adopted in 1934 as instruments on social security. The second instrument is the Employment Promotion and Protection against Unemployment Convention No. 168 adopted in 1988 and the Employment Promotion and Protection against Unemployment Recommendation No. 176 adopted in 1988. The legislative acts adopted after increasing the level of protection offered and expanded the concept of social security to include additional forms of social assistance and services. There is a high importance on the ratification and implementation of the main of these legislative acts and recommendations for all countries and for the Republic of Moldova. Several research methods have been used in the elaboration of this work: monograph, analysis, synthesis, statistics, comparison, etc. This paper has been developed within the framework of the Scientific Project for the period 2020-2023, registered in the State Register of projects in the field of science and innovation of the Republic of Moldova with the code 20.80009.0807.29 Project State Program "Improving the mechanisms for applying innovative instruments aimed at sustainably increasing the welfare of the population of the Republic of Moldova".

Keywords: labor market, unemployment assistance, special instruments, normative acts, international experience.

JEL: J64, J65, J68.

UDC: 364.34

Introduction. According to data from the last report of the International Labor Organization (ILO), the number of unemployed in 2022 in the world will rise to 207 million, on 21 million more than in the pre-crisis year of 2019. The authors of the report consider, that: "Global unemployment is expected to remain above pre-

pandemic levels until at least 2023. In 2019, 186 million people could not find work; today there are 207 million." (World Employment and Social Outlook: Trends, 2022).

The ILO notes that earlier more optimistic forecasts of a labor market recovery have not materialized because of the effects of the spread of recent COVID-19 variants, such as delta and omicron, as well as uncertainty about how the virus will behave in the future. Global unemployment is expected to remain above pre-crisis levels at least through the end of 2023 (World Employment and Social Outlook: Trends, 2022).

However, according to the authors of this article, the forecast data is understated, as this report was issued at the beginning of the current year and does not take into account the impact of war in Ukraine and its reflection on the level of unemployment in the world.

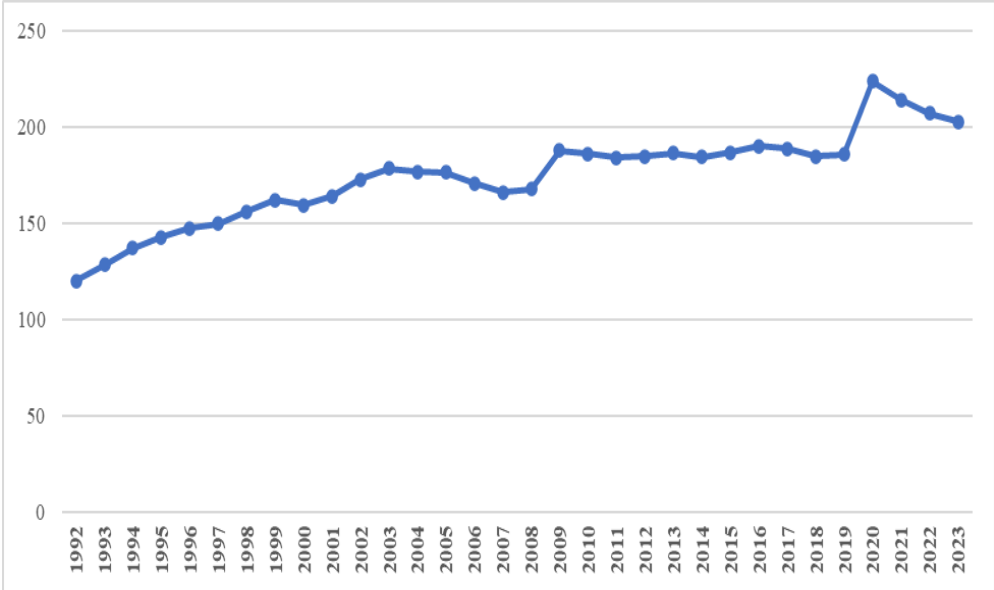


Figure 1. The number of global unemployed persons with forecast to 2023, ILO, million pers.

Source: elaborated by the authors used data from WESO Data Finder, ILO (WESO, 2022)

Unemployment insurance experiences. Today, there is no universal model of social protection against unemployment. In developed and developing countries the systems of social assistance against unemployment are at different levels. According to the ILO’s research from 2012, about 72 countries worldwide provide some form of unemployment assistance. For example, some countries like Canada, Japan, and the Republic of Korea have employment-based insurance schemes. Among the countries from the Association of Southeast Asian Nations (ASEAN), only Thailand in 2004 and Vietnam in 2009 established unemployment insurance

schemes. Other countries, such as Malaysia and the Philippines, are considering introducing unemployment assistance (Carter, Bédard & Peyron Bista, 2013).

Countries' experience confirms that the most effective mechanism to protect needy workers and their families for rapid job placement is a combination of unemployment allowances and re-employment support. All countries, from ILO's research (Carter, Bédard & Peyron Bista, 2013), provide the traditional services necessary for effective job search: consulting services, organization of fairs, assistance in CV elaboration, provision the information or data about labor market, provision of access to a database of vacancies, etc. In addition, most systems also include a variety of programs to help insured people improve their skills and receive training.

In the preamble to ILO Convention No. 168 said the following: "...recognizing that policies leading to stable, sustained, non-inflationary economic growth and a flexible response to change, as well as to creation and promotion of all forms of productive and freely chosen employment including small undertakings, co-operatives, self-employment and local initiatives for employment, even though the re-distribution of resources currently devoted to the financing of purely assistance-oriented activities towards activities which promote employment especially vocational guidance, training and rehabilitation, offer the best protection against the adverse effects of involuntary unemployment, but that involuntary unemployment nevertheless exists and that it is therefore important to ensure that social security systems should provide employment assistance and economic support to those who are involuntarily unemployed..." (ILO Employment Promotion and Protection against Unemployment Convention No. 168, 1988).

Almost all countries from ILO's research (Carter, Bédard & Peyron Bista, 2013) have a system that provides regular and temporary allowances, depending on the wages of the last job. With the exception of Chile, the systems of 13 countries (they are such countries as Canada and the United States of America in North America, Argentina and Chile in South America, Denmark, France and Germany in Europe, Bahrain in the Middle East, China, Japan, Mongolia, the Republic of Korea, Thailand and Vietnam in Asia) are based on the social insurance principles recommended in the ILO Social Security (Minimum Standards) Convention No. 102 from 1952. Denmark has a voluntary program covering more than 80% of the working population. In Chile, benefits depend primarily on individual savings and can then be supplemented by a social insurance component. In the U.S.A. and China, states and provinces control the implementation of programs and the determination of benefits (Carter, Bédard & Peyron Bista, 2013).

Official registration in employment services is a necessary requirement in all countries for obtaining unemployment allowances. For example, in France, Germany and some other countries, individual job placement and skill development programs have been set up as part of a strategy to support the unemployed. In Denmark, a high unemployment assistance has been set, which requires that the unemployed person must be actively seeking work. In the U.S.A. there is a program called Worker Profiling and Reemployment Services to identify those who are most likely to be out

of work for an extended period of time or those who are at the highest risk of being laid off (Carter, Bédard & Peyron Bista, 2013).

Most often the amount of the unemployment allowances ranges from 50-60% of the income from which contributions were made. This is common in Argentina - first four months of unemployment allowance payment, Bahrain, Canada, Chile - first month only, Germany - at the standard rate, the Republic of Korea, Thailand - for those not voluntarily dismissed, the United States of America and Vietnam. In Germany, the unemployment allowance is higher for those with one or more dependent children, at 67%, while in France and Japan the rate is higher for the unemployed. The rate in France and Japan is higher for previously low-income earners - up to 75-80%, respectively. The highest unemployment allowance is in Denmark, where the rate is 90% (Carter, Bédard & Peyron Bista, 2013).

The legislation of foreign countries uses almost identical approaches to the procedure for determining the amount of unemployment allowance, the conditions, and the timing of their payment. An illustrative example is Germany, where, according to the Social Code of Germany, in order to receive unemployment assistance, the person needs to be registered with the employment service as unemployed; have at least 12 months of continuous service before being laid off; work a full-time and be dismissed by the employer due to reduction of the organization staff. The unemployment benefit is calculated on the basis of the salary received before the dismissal for the last 12 months in the amount of 60% to 85% of the average salary and the period of payment is 6 months. In Germany, there is also a full unemployment benefit, which is payable on a monthly basis until the age of 58 or until the family member's unemployment status expires (Чиканова & Серегина, 2018).

Special ILO instruments concerning unemployment benefits. For many years, ILO normative instruments have helped many countries to establish and maintain social security systems and have played an important role in advancing the right to social security as enshrined in international human rights documents.

The first instrument on social security concerning unemployment benefits is the Unemployment Provision Convention No. 44 adopted in 1934 (ILO, 1934) and the Unemployment Provision Recommendation No. 44 adopted in 1934 (ILO, 1934).

The second instrument is the Employment Promotion and Protection against Unemployment Convention No. 168 adopted in 1988 (ILO Employment Promotion and Protection against Unemployment Convention No. 168, 1988) and the Employment Promotion and Protection against Unemployment Recommendation No. 176 adopted in 1988 (ILO Employment Promotion and Protection against Unemployment Recommendation No. 176, 1988). As follows from Article 2 of ILO Convention No. 168, each State must endeavor to ensure that its system of protection against unemployment and, in particular, the methods of providing unemployment assistance, contribute to the creation of full, productive and freely chosen employment and are of such nature that it is in the interest of employers to offer productive employment to workers, and of workers to seek such employment. As it follows from Article 14 of this Convention, unemployment benefits should be

calculated in such a way as to provide the recipient with partial and temporary compensation for income lost as a result of loss of employment and at the same time, it must not reduce the incentive to get a job or to create employment.

These conventions assume a system of free public employment services that help citizens to find employment and help employers to find suitable workers, as well as a system of material support for unemployed citizens during their search for a job.

The legislative acts adopted after increased the level of protection offered and expanded the concept of social security to include additional forms of social assistance and services.

However, as of today, only 8 countries ratified the ILO Convention No. 168 (Table 1).

Table 1. List of countries that ratified the ILO Convention No. 168 – Employment Promotion and Protection against Unemployment

	Country	Date	Status
1	Albania	04 Aug 2006	In Force
2	Belgium	21 Oct 2011	In Force
3	Brazil	24 Mar 1993	In Force
4	Finland	19 Dec 1990	In Force
5	Norway	19 Jun 1990	In Force
6	Romania	15 Dec 1992	In Force
7	Sweden	18 Dec 1990	In Force
8	Switzerland	17 Oct 1990	In Force

Source: elaborated by the authors used data from NORMLEX (NORMLEX, 2022)

Conclusions. As a standard-setting organization, the ILO has developed a comprehensive set of international conventions and recommendations in the field of social protection. These instruments establish the basic principles on which comprehensive social protection systems should be based, as well as key parameters to ensure their sustainability and adequacy. The ratification of the ILO social security conventions demonstrates a commitment to the realization of the human right to social security in accordance with as provided for in the 1948 Universal Declaration of 1948, the 1966 International Convention on Economic, Social and Cultural Rights, and other human rights instruments. That’s why, in order to strengthen the country's system of protection against unemployment, it is recommended for all counties ratify the ILO Convention No. 168 and its recommendation.

Bibliography

Carter J., Bédard M. & Peyron Bista C. (2013). Comparative review of unemployment and employment insurance experiences in Asia and worldwide. Promoting and Building Unemployment Insurance and Employment Services in ASEAN, ILO Regional Office for Asia and the Pacific. Bangkok: ILO. ISBN 9789221275442

- Examination of instruments concerning unemployment benefits, comprehensive sectoral standards, medical care, and sickness benefits. Technical Note 1: Instruments concerning unemployment benefits. Sixth meeting of the SRM TWG 13-18 September 2021. https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/genericdocument/wcms_815986.pdf
- ILO Employment Promotion and Protection against Unemployment Convention No. 168, adopted in 1988
- ILO Employment Promotion and Protection against Unemployment Recommendation No. 176, adopted in 1988
- ILO Unemployment Provision Convention No. 44, adopted in 1934
- ILO Unemployment Provision Recommendation No. 44, adopted in 1934
- NORMLEX** (2022) - National Legislation on Labour and Social Rights, Information System on International Labour Standards. <https://www.ilo.org/dyn/normlex/en/>
- World Employment and Social Outlook (WESO) (2022), Data Finder, ILO. <https://www.ilo.org/wesodata/>
- World Employment and Social Outlook: Trends 2022. Report of the International Labor Organization. Print: 9789220356975 [ISBN], Web PDF: 9789220356982[ISBN]. https://www.ilo.org/global/research/global-reports/weso/trends2022/WCMS_834081/lang--en/index.htm
- Чиканова Л.А. & Серегина Л.В. (2018). Правовая защита граждан от безработицы в условиях информационных технологических новаций в сфере труда и занятости. Право. Журнал Высшей школы экономики. № 3. С. 149–171. <https://law-journal.hse.ru/data/2018/10/29/1141973785/%D1%87%D0%B8%D0%BA%D0%B0%D0%BD%D0%BE%D0%B2%D0%B0.pdf>