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Short-term social security benefits

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Outline

- Maternity protection
- Sickness leave
- Unemployment benefits



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Maternity protection



Global overview

188 countries reviewed

Maternity leave in the form of cash benefits anchored in legislation
186 countries – 99%

Social protection scheme
136 countries – 72%

Social insurance scheme
123 countries

Social
insurance
and social
assistance
schemes
11
countries

Universal : 2 countries

Employers'
liabilities
50
countries –
38%

No provisions : 2 countries – 1%

Low coverage...

Legal coverage

40% of women in employment (57% if voluntary coverage included)

Effective coverage

28 % of women in employment

Indonesia

Employer's liability (Law 13/2003)

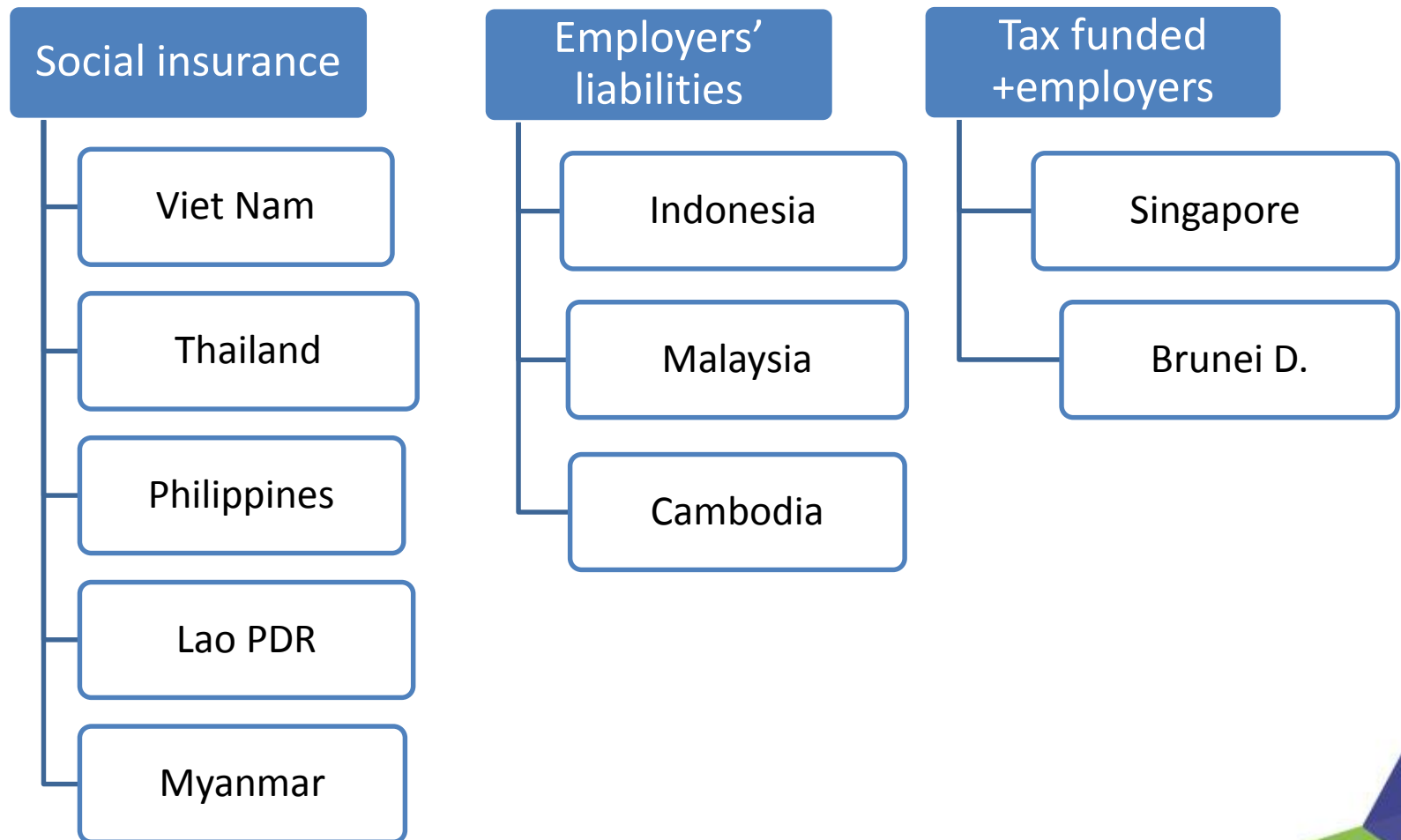
- Maternity leave: 1.5 (one-and-a-half) months before and after childbirth respectively, 3 months in total with 100% of wages;
- Paternity leave: 2 days for spouse
- Protection after miscarriage: 1.5 month off day after miscarriage

ILO Maternity Protection Convention, 2000 (No. 183)



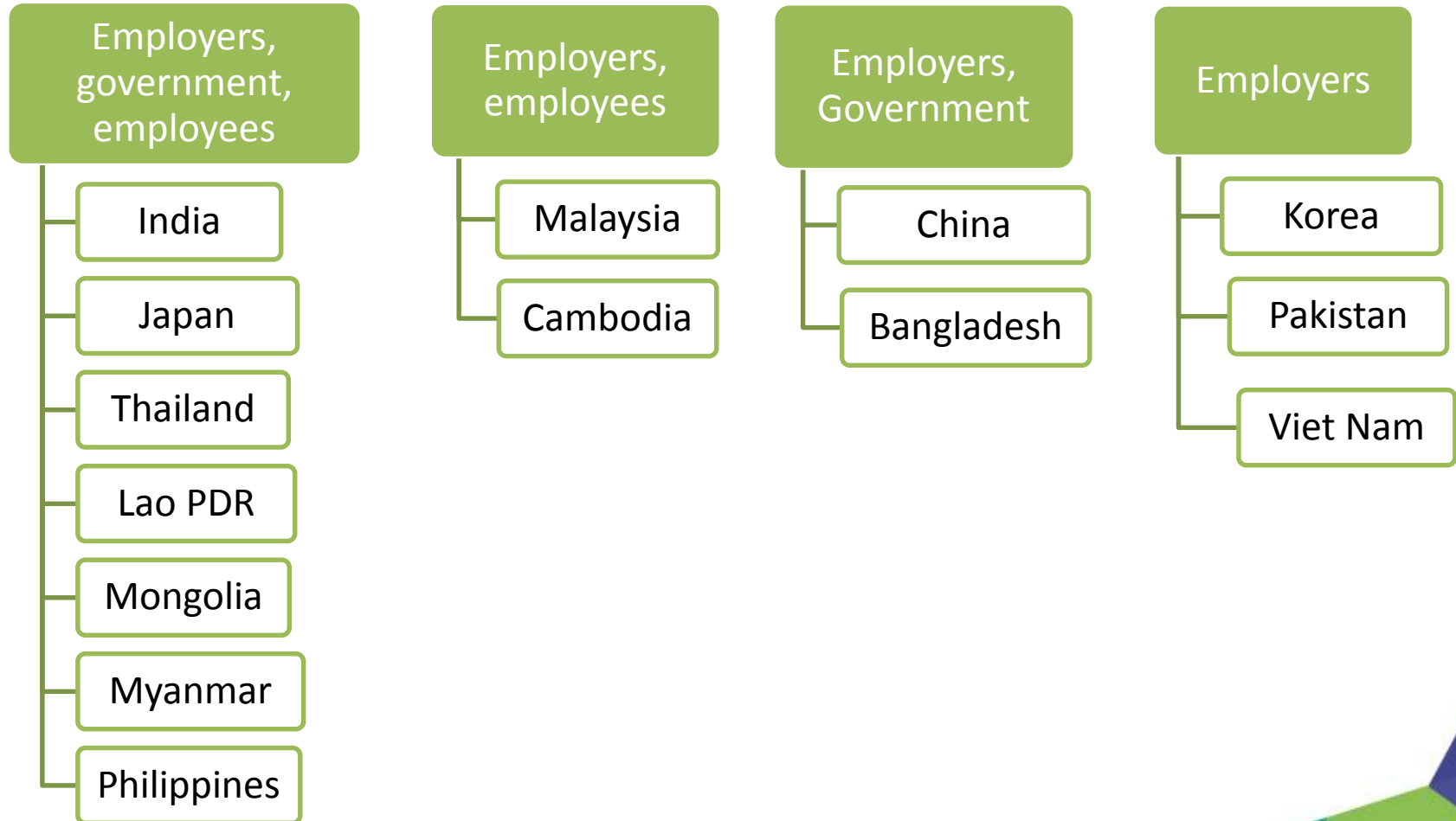
- 14 weeks of maternity leave (6 weeks of compulsory postnatal leave);
- Cash benefits (social insurance or tax-funded);
- Free medical care (prenatal, childbirth and postnatal care, hospitalization);
- Health protection: right of pregnant or nursing women not to perform health-hazardous work;
- Breastfeeding (a minimum of a one-hour daily break, with pay);
- Employment protection and non-discrimination.

ASEAN overview



Source: ILO, The State of social protection in ASEAN at the dawn of integration

Financing of maternity leave



- Mongolia: maternity+sickness+funeral grant: 1.6%
- Viet Nam: maternity+sickness: 3%
- Thailand: sickness+health: 2.64%
maternity: 0,36%

Universal maternity protection - Mongolia

Tier 1: tax-funded maternity allowance for all women

Tier 2: contributory maternity benefits, for formal and self-employed workers

- Maternity protection, a right – tax funded system – 100%
- Subsidized contributions for certain groups
- 75% of the labour force under SI scheme
- Decentralized services – One stop shops





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Sickness leave

ILO Medical Care and Sickness Benefits Convention, 1969 (No.130)

- Replacement rate: 45% (C.102) or 60% (C.130)
- Duration of benefits: throughout the contingency, with a possible limitation of 26 weeks in each case of sickness (182 days) (C.102) or 52 weeks within 3 years (C.130)

Indonesia

- **Employers' liability (*Law No. 13/2003*) :**
 - First four months: 100% of the wages.
 - Second four months: 75% of the wages.
 - Third four months: 50% of the wages.
 - Subsequent months: 25% of the wages until the employment is terminated.

Social insurance or employers' liabilities?

Social insurance:

- pooling risks and solidarity,
- fairer redistribution of the cost and responsibilities of reproduction

Employers' liabilities:

- double burden (maternity/sick leave and replacement)
- risk to lead to discriminatory practices.

ILOs Conventions :

preference for compulsory social insurance or tax-funded programmes



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Unemployment benefits

Unemployment benefits - ILO's Perspective

Unemployment Benefits based on:

- Social Insurance or non-contributory schemes,
- Periodical payments, and
- active search of work.

is ***optimal*** in most cases, for :

- **Ensuring rights of workers** (income support even with insolvent employers vs. severance payment);
- **Pooling risks and costs** (small/big enterprises, declining/raising sectors, rich/poor regions, etc... vs. individual saving accounts)

Employment Promotion and Protection against Unemployment Convention, 1988 (No.168)

“2 sides of the same coin”

- Unemployment benefits have to be designed hand in hand with active labour market policies
- Replacement rate: 45% (C.102) or 50% (C.168)
- Duration: 13 weeks/year (C.102) or 39 weeks/2 years or up to 26 weeks at once (C.168)



Unemployment scheme anchored in national legislation

89 countries | 44%



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Periodic cash benefits

85 countries | 95%

Lump sum

4 countries | 5%

Social insurance
(mandatory public)
73 countries (86%)

Subsidized voluntary
insurance
3 countries (4%)

Mandatory individual
savings account
1 country (1%)

Only
social assistance
or employment
guarantee scheme
7 countries
(8%)

Only mandatory
individual savings
account (periodic)
1 country (1%)

- Individual savings for unemployment (2 countries)
- Provident funds drawing on pensions (2 countries)

Source: ILO World Social Security Report, 2014/15

Important discussions

- Severance payment and unemployment protection benefits
- Individual accounts vs. social insurance system

Severance payment and unemployment insurance

Severance payment, commonly in force in the region.

Severance payments: recognition of tenure and penalty on employers for terminating employment



Severance payments DO NOT promote:

- ❶ **Collective financing of benefits and risks pooling**
- ❷ **State's responsibility** and ultimate guarantor of the funds
- ❸ **Linkages with employment promotion (ALMPs)**

Individual saving accounts vs. social insurance unemployment benefits

Savings accounts have been promoted by certain development partners



Individual savings accounts DO NOT promote:

- ① Collective financing of benefits and risk pooling**
- ② Predictability of benefits** (level of benefits should be determined based on past earnings – replacement rate)
- ③ Tend to be more costly** (for the employers/employees and governments – social solidarity component)

Pre-conditions to the success of unemployment protection programme

- Well decentralized employment services
- Well functioning labour market information system
- Well developed social security institutions



Maternity and sickness are equally important benefits

Promote women's participation to labour market



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Thank you

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