IFP-SES

Technical Note

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DRAFT

WHITHER SOCIAL SECURITY?
A Response Through Indicators

by

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Background

In its initial phase, the ILO's Programme on Socio-Economic Security (IFP/SES) has been mainly devoted to the collection of information and to the building of a knowledge base on security in the world of work.[2] The focus was on gathering primary and secondary data, at the micro-, meso- and macro-levels, on the 7 dimensions of work security, as defined in the terms of reference of the Programme.[3] The ultimate aim is to create a global SES databank to be used to carry out analysis, notably statistical analysis, and derive indicators, typologies and other kinds of outcomes of relevance to social policy debates, and the design of strategies to achieve decent work and overcome work-related insecurities.

For obvious reasons, information on social security institutions and mechanisms had to be a major component of this databank. But available information on this issue is largely textual and inadequate for quantitative analysis and statistical processing. To overcome this limitation, a wide and systematic interpretation and coding exercise was carried out, which subsequently allowed a database with statistically usable information to be constructed. The main source was the 1999 edition of the Social Security Programs Throughout the World (SSPTW).

This note reports on the results of a first attempt to test the consistency of this database. The aim was to bring out overall patterns and features of social security models being implemented throughout the world. At the global level, the purpose was to identify global patterns of social security provision models. Aspects such as the extension of such models, associated expenditure, relation to levels of social or economic development, inter-relationships between branches and identification of clusters of countries were considered. At the sector level, only the unemployment branch will initially be examined. In this case the focus is primarily on the variety of mechanisms adopted as reflected in variables such as existence and strength of conditionalities, size and duration of benefits.

I.   The Data

In its January 2002 version, the SES Database on Social Security includes 102 countries from all major regions and sub-regions of the world.[4] This set of countries was not pre-selected, and as a result some regions are over-represented (Western and Eastern Europe, as well as North and Latin America). For that reason, and to avoid misinterpretations, comparative analysis by region has been limited.

In most cases, as an initial exercise, the countries have been classified according to the level of the Human Development Index[5]. A classification based on these rather than GDP per capita (GDPpc) levels has been preferred because it is statistically more significant[6]. It is justifiable also on more substantive grounds as one would expect a close positive relationship between extent of social security and human development. Differences between GDPpc and HDI distributions are in any case relatively small. Countries with high and medium HDI and GDPpc are largely the same in each of these distributions. The only more significant difference concerns those with the low HDI and GDPpc. This group of countries is smaller in the case of the HDI, indicating that this

[2] For details on the methodology used, the definition of variables and the data collection instrument, refer to "The SES Secondary database on social security", SES Technical Note by P. Annycke, December 2001.
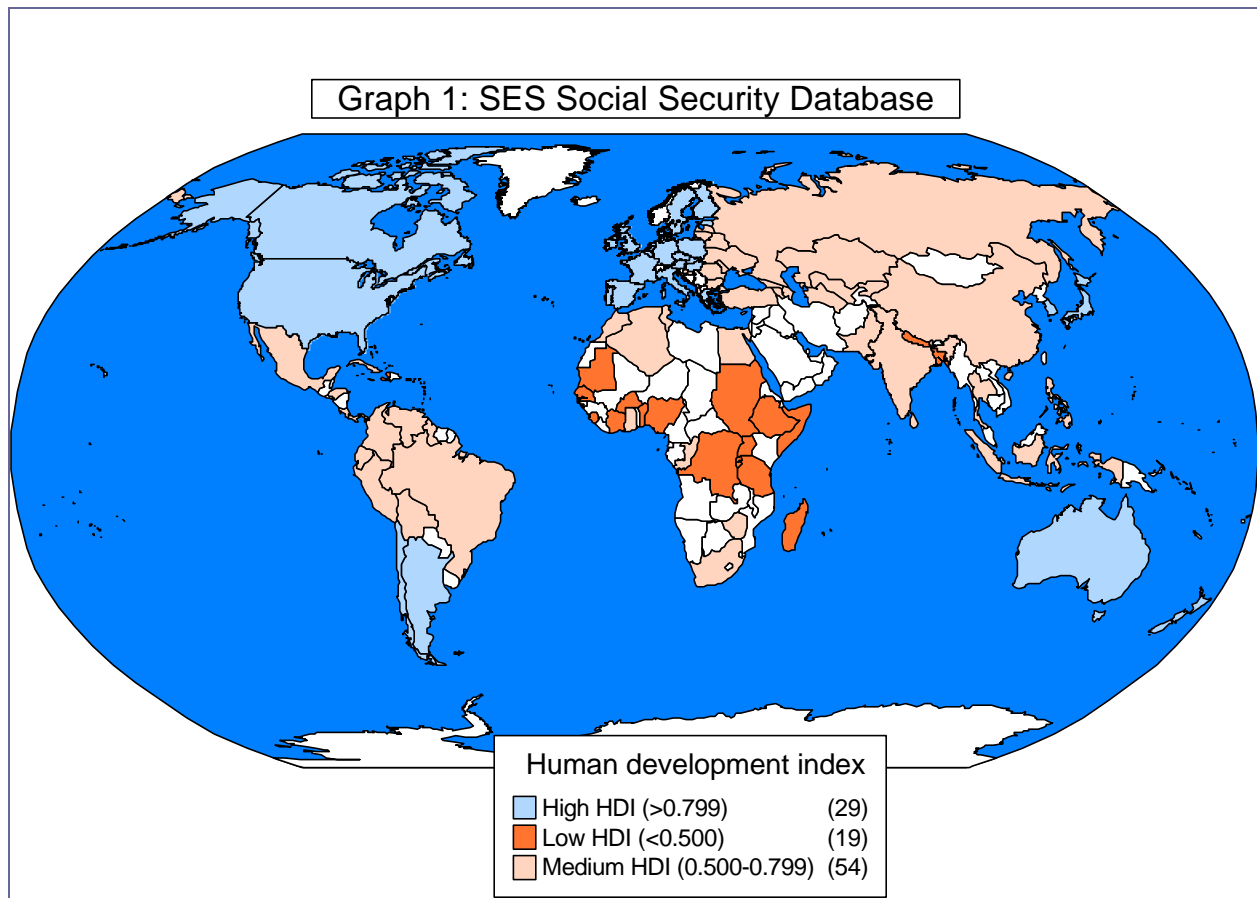[3] For details see the SES web site (www.ilo.org/ses) or consult the document "The ILO InFocus Programme on Socio-economic Security – A medium term plan - October 1999.
[4] These 102 countries are those in the SES Primary Database.
[5] Human Development Report 2000, UNDP NY.
[6] The statistical test used (KHI2) indicated higher values for the relationship between social security variables and HDI levels.

criterion is more restrictive and only the more disadvantaged of the disadvantaged fall in this category.[7] The figure below maps the set of countries included in the analysis[8] by levels of HDI.

Graph 1: SES Social Security Database

Human development index

▨	High HDI (>0.799)	(29)
▨	Low HDI (<0.500)	(19)
▨	Medium HDI (0.500-0.799)	(54)

For each of these 102 countries, the database has information for 1999 on the following 8 branches of social security benefits[9]: sickness, maternity, old age, invalidity, survivors', family allowances, employment injury and unemployment. There are around 20 variables defining each of these branches. They cover both institutional aspects such as legislation, type of programme (assistance, insurance, etc.) and more operational ones such as expenditure, qualifying conditions, coverage, rate of benefits or contributions.

As in most areas of the ILO mandate and ILO instruments enough information on the formal and institutional aspects is available, but little information is available on the actual impact and effectiveness of such areas and instruments. This is true for social security as well. There are currently only a few number of countries for which data on the effectiveness or coverage of social protection systems can be found. Information on variables such as the number of beneficiaries or beneficiary ratios, the number of protected persons, or of contributors is extremely limited. Within the IFP/SES Programme, it is intended to partially fill this gap by retrieving information from the SES primary database. But this problem will only be satisfactorily

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[7] The list of countries by HDI is in Annex 1 and by region in Annex 2.
[8] Countries in white are not part of the analysis.
[9] Only as far as benefits in cash in each of these branches are concerned.

solved when the corresponding data are disclosed by all national responsible bodies and collected by the specialised international organisations. This limitation is the reason why the scope of the analysis presented here does not include aspects of effectiveness, and focuses essentially on the institutional and financial dimensions of the social security branches.

II.   Global overview

Legislation[10]

The SES Social Security database indicates that original legislation concerning social security was put in place in late 19th century. It started with a first wave of laws, which dealt with sickness and maternity and ended with a second wave at the beginning of the 20th century, including unemployment benefits and family allowances. The other 4 branches were introduced in the middle of this period.

As Graph 2 shows, it is those presently more developed countries, which implemented social security systems first. Next come those countries with medium and low levels of human development.

Graph 2: Date of first social security law by level of HDI
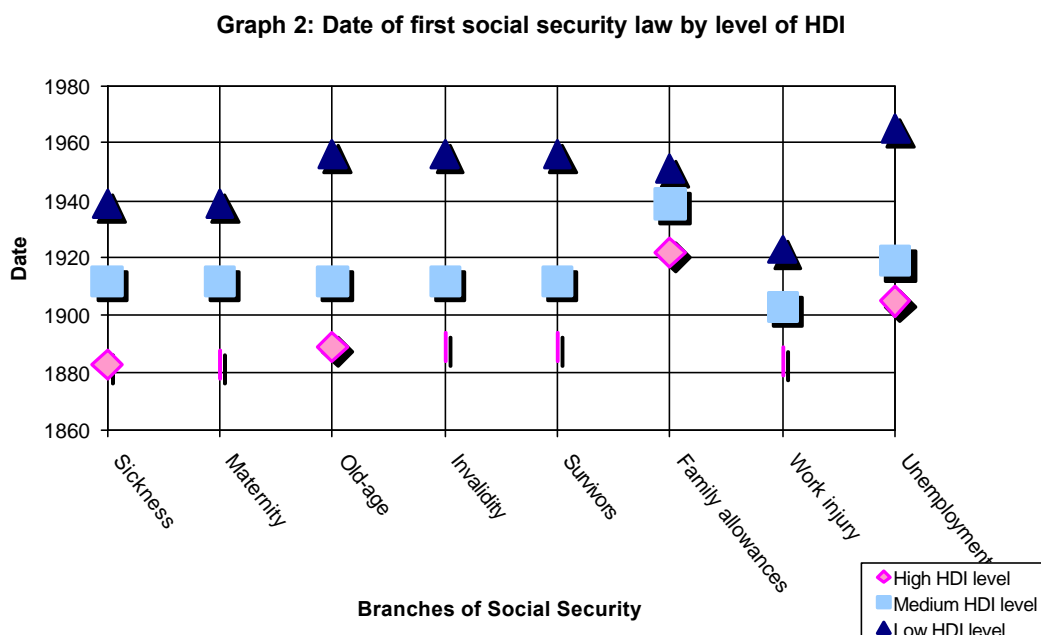
Expenditure

From the 77 countries for which information on total social security expenditure[11] (as a percentage of GDP) is available, an average of 12.6 % (median 11.3%) was calculated. Significant differences in those rates between countries ranked by level of HDI do appear. For instance, high HDI countries spend approximately 10 times as much as low HDI ones, respectively 21.4% and 2.2%, on average.

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[10] For more details see Annex 3.
[11] According to the source used (ILO: 19th International Inquiry into the Cost of Social Security, 1997) Social Expenditure is defined and includes: Social protection benefits which can be transfers in cash and benefits in-kind; administrative costs incurred by the social protection scheme; other expenditure; and transfer to reserves.

This expenditure can also be evaluated by looking at the different types of programmes[12] through which social protection is provided. Graph 3 shows for instance that, as could be expected, average expenditure is higher for "universal" programmes. Social assistance gets on average a higher share of resources, or is on average more costly than social insurance, although it is usually providing less security[13].
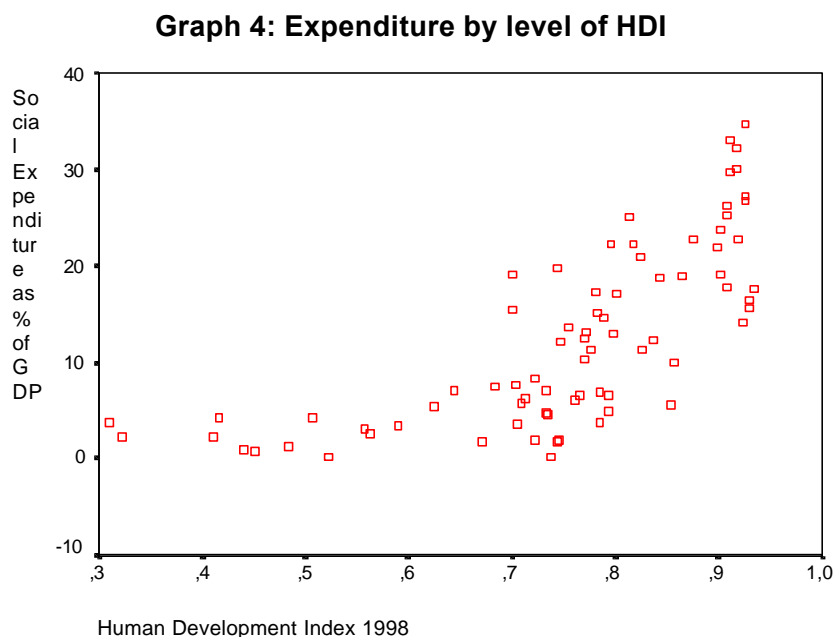
Graph 3: Mean Social security expenditure as a percentage of GDP by type of programme

Social security expenditure as a percentage of GDP
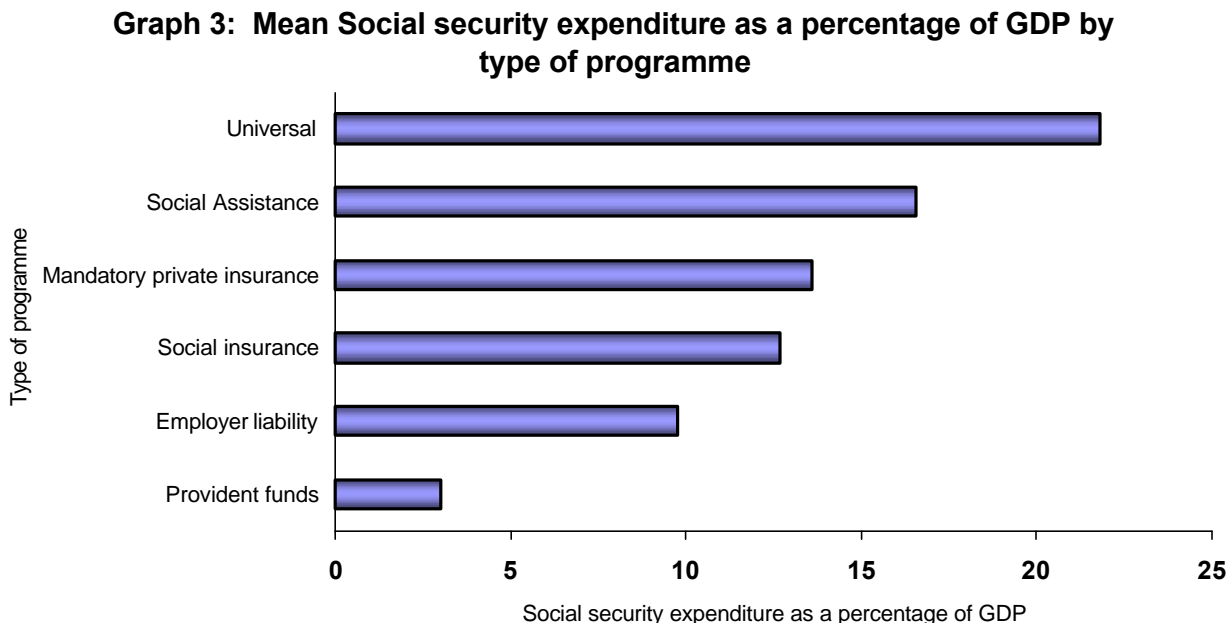
Comparing social security expenditure to other macro variables, Graph 4 shows a positive correlation with the levels of HDI (R^2=0.52). As expected, the more is being spent on social security the better the outcomes in terms of human development.

Graph 4: Expenditure by level of HDI


Human Development Index 1998

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[12] For a definition of the types of programmes see Annex 8.
[13] The data associated with graph 3 are in Annex 9.

A much smaller degree of correlation ($R^2=0.31$) is found between social security expenditure and income distribution as measured by the Gini coefficient (see Graph 5). This seems to indicate that large differences in income are not necessarily compensated through the implementation of social security (income transfers) mechanisms by the State or other bodies. A similar result is found if the expenditure variable is replaced by the number of social security branches in any country.

Graph 5: Social Expenditure by level of Gini

Gini coefficient
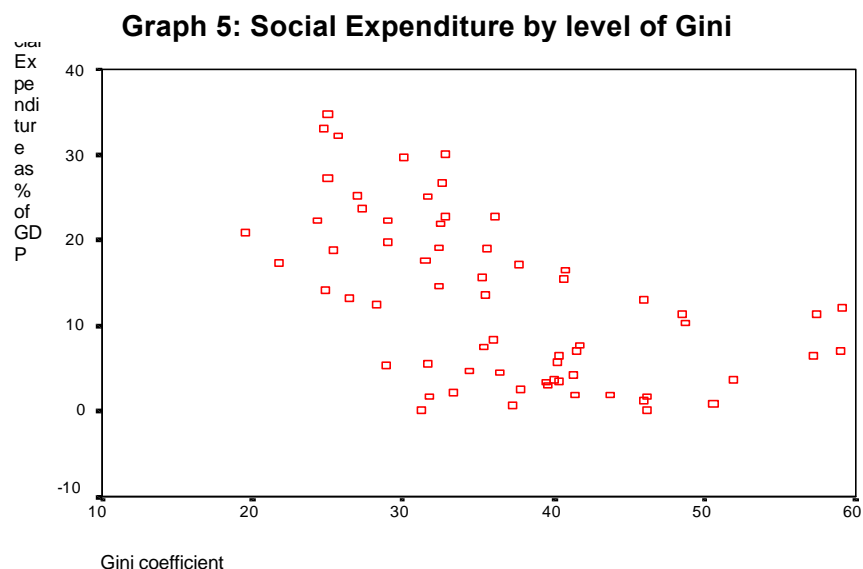
Extension

The number of branches included in a country's social security system is taken as an indicator of the concern a society or national or local authorities have over the peoples' and workers' security. Table 3 indicates that all the 102 countries have at least one social security branch covered.

Table 2 - Number of branches by level of HDI

		Classification according to the HDI						Total	
		High HDI (>0.799)		Medium HDI (0.500-0.799)		Low HDI (<0.500)			
		Count	Col %	Count	Col %	Count	Col %	Count	Col %
Number of branches covered by one program at least	One branche					2	10.5%	2	2.0%
	3 branches					2	10.5%	2	2.0%
	4 branches			5	9.3%	6	31.6%	11	10.8%
	5 branches			4	7.4%	2	10.5%	6	5.9%
	6 branches	1	3.4%	19	35.2%	7	36.8%	27	26.5%
	7 branches	2	6.9%	13	24.1%			15	14.7%
	All branches	26	89.7%	13	24.1%			39	38.2%
Total		29	100.0%	54	100.0%	19	100.0%	102	100.0%

SES Social Security Database

The branch "work injury " compensation is the most covered[14]. Over a third (38%) of the countries cover all 8 branches. However, none of these countries belong to the low HDI group. Countries with relatively low development levels tend to have only a limited number of branches. A majority of them has between 4 and 6 branches, while as many as 1 in every 5 countries have less than 3 branches covered.

It is also interesting to note which are the most "popular" benefits and how each of them has been gradually incorporated into national security systems. Graph 6 below shows that there is a group of 4 branches (work injury, old age, survivor and invalidity) that exists in almost all the countries considered. The other four are significantly less represented. Unemployment benefits is the least frequent as it has been adopted in 54 of the 102 countries. As the slope of the curves shows, benefits, such as unemployment, are only implemented when the country is already providing a large number of other benefits, the opposite case being "work injury" which is in existence in 101 countries under study.

Graph 6: Cumulated number of countries having a branch covered

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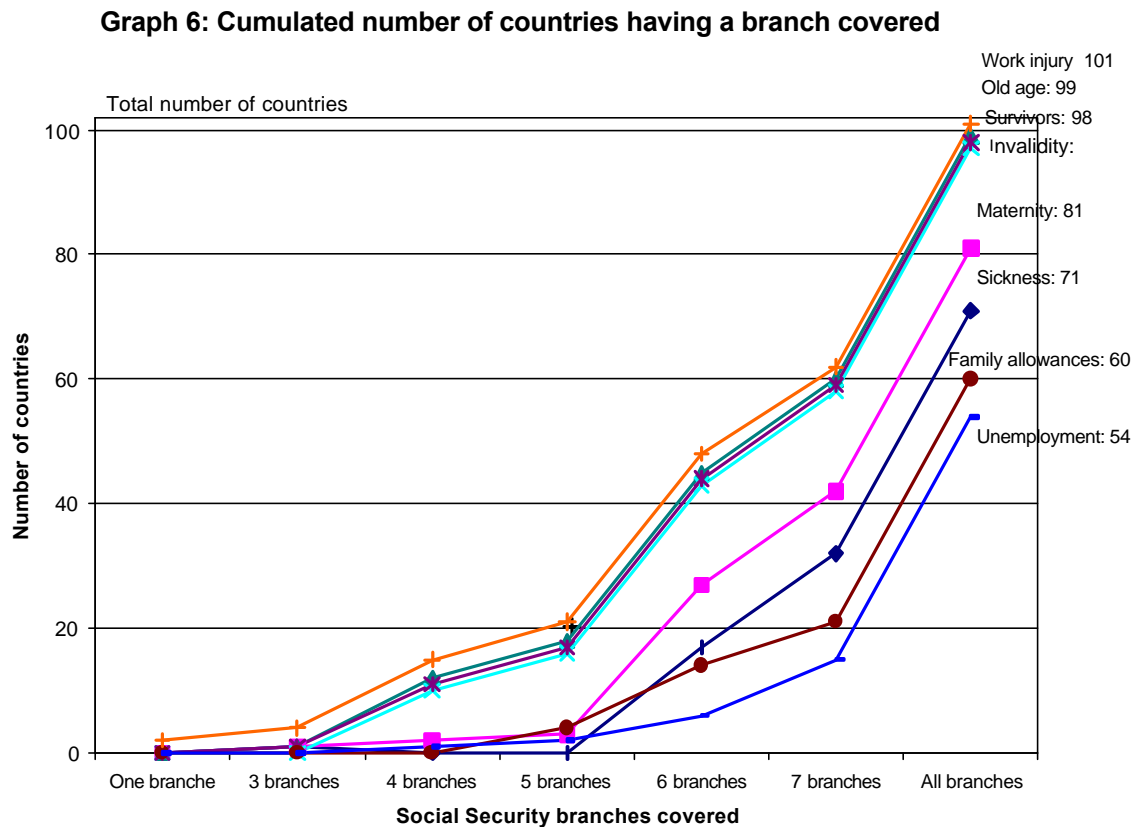
[14] Croatia is the only country in the set, which does not have a proper legislation but only a "limited provision" for work injury.

This pattern also suggests that branches are linked and associated with one another in different ways. The results of the correlation analysis (see Annex 4 and Graph 7 below) show that the strength of association between branches varies significantly, and that some groups of branches are more closely inter-related than others. One could also interpret this pattern in terms of the probability of introducing other branches if a particular branch is already in place.

Graph 7: Strength of association between branches[15]
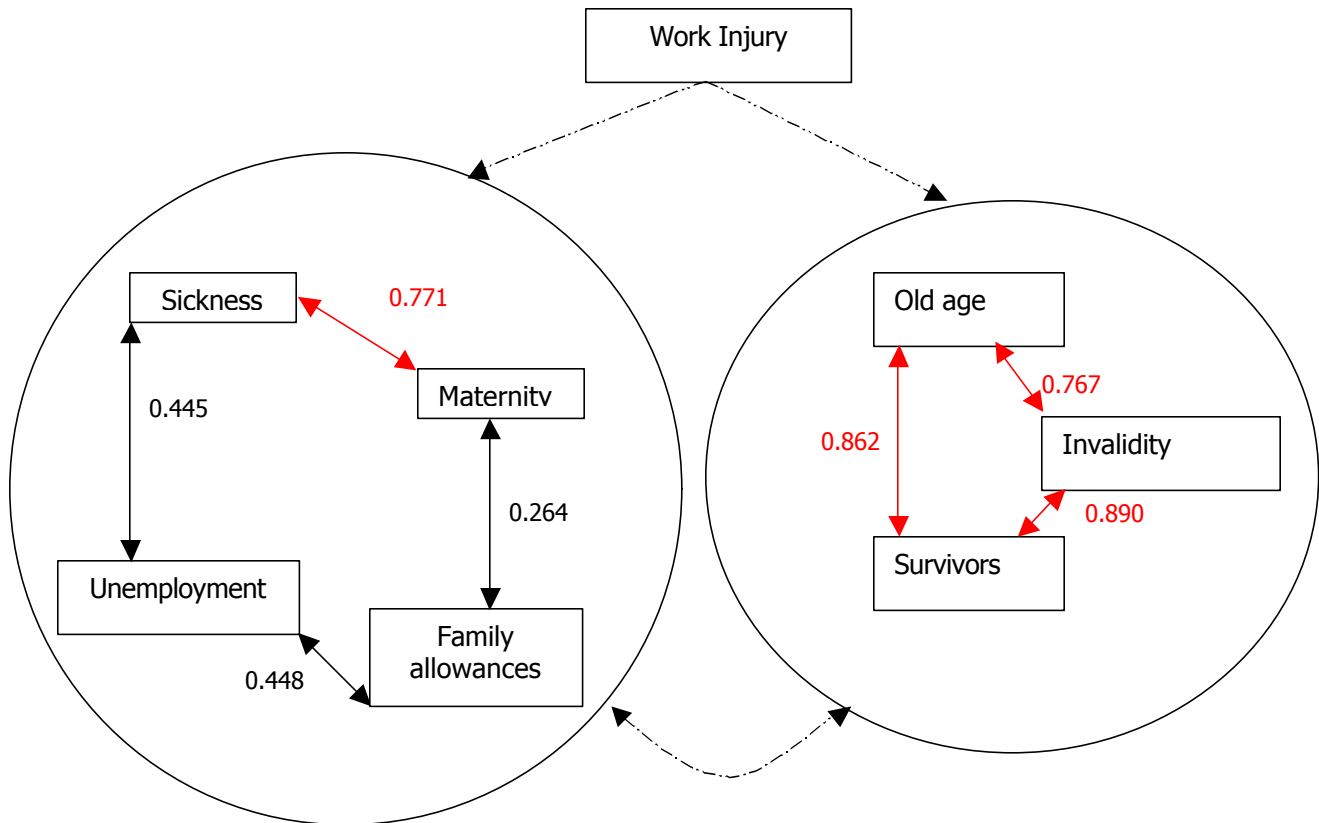
Types of programmes[16]

Each social security branch or benefit can be secured through one programme or through a combination of different types of programmes. Among the 6 types retained, the most frequently used is by far "social insurance". It therefore plays a major role whatever the branch or benefit considered. On the contrary, the least represented type of programme is the "provident funds". The other 4 (social assistance, universal, mandatory private and employer liability) are almost equally represented, in the range of 20 to 30 times.

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[15] See in Annex the corresponding table of correlations
[16] For a definition of the types of programmes see Annex 8.

Table 3: Type of program by social security branch[17]

	Sickness		Maternity		Old age		Invalidity		Survivors		Family allowances		Work injury		Unemployment	
	Main	Global	Main	Global	Main	Global	Main	Global	Main	Global	Main	Global	Main	Global	Main	Global
Social assistance	2	6	4	7	2	14	5	12	2	11	9	19	1	2	4	10
Social insurance	68	68	75	76	83	89	83	88	86	88	25	26	84	85	46	46
Universal/demogrant	-	-	-	1	1	5	-	4	-	-	21	21	1	2	1	1
Mandatory Private insurance	-	1	-	1	7	11	5		3	8	-	-	4	12	1	1
Provident funds	-	-	-	-	5	5	5		5	5	-	-	-	-	-	-
Employer liability	5	5	4	5	-	-	-		-	-	4	6	10	14	5	5

Source: SES Social Security Database

Large differences do however appear when grouping countries by level of HDI. The most developed countries resort always to at least one social insurance mechanism/programme. In half of the cases, the latter is associated with a social assistance or universal type of programme. On the contrary, in low HDI countries, social insurance is far less used (in only 3 out of 4 programmes) and is usually associated with programmes that are not of social assistance, such as employer liability and mandatory private programmes.

Table 4: Type of programme by level of HDI

		Classification according to the HDI						Total	
		High HDI (>0.799)		Medium HDI (0.500-0.799)		Low HDI (<0.500)			
		Count	Col %	Count	Col %	Count	Col %	Count	Col %
Type of Program	Social assistance	16	55.2%	16	29.6%	1	5.3%	33	32.4%
	Social insurance	29	100.0%	53	98.1%	15	78.9%	97	95.1%
	Universal	18	62.1%	7	13.0%			25	24.5%
	Mandatory private insurance	7	24.1%	8	14.8%	6	31.6%	21	20.6%
	Provident funds			3	5.6%	3	15.8%	6	5.9%
	Employer liability	5	17.2%	11	20.4%	11	57.9%	27	26.5%
Total		29	100.0%	54	100.0%	19	100.0%	102	100.0%

SES Social Security database

Towards a Global Social Security Index

The purpose of building such an index is primarily to have a synthetic national indicator of social security systems, which could be used as an input to a more general indicator on socio-economic security. To this end, and in order to establish groups of countries with similar social security systems, data analysis and several criteria were tested.

As indicated before, due to a lack of data, the analysis could not include criteria on the effectiveness of social security schemes. Therefore, at this stage, the Index grades the countries according to the existence and extension of their social security legislation, its financing and the norms concerning the level of benefits and conditionnalities. The results refer to the institutional

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[17] As countries may have several programmes for the same branch, only the **main** one, as defined in the source, has been retained. In the column **global,** the number of countries, which have at least one programme is given, whether it is a main programme or not.

and formal aspects and the Index will provide a typology of social security schemes on the basis of these aspects solely. In a next stage, complementing this typology, indicators based on the actual "results" or effectiveness of these schemes will be built. The comparison between these two typologies will among other things allow the identification of the gaps between the regulatory framework and the realisation of social security benefits. It will also permit to make a distinction between those countries that actually provide such benefits in accordance with their regulatory framework and those who do not.

The analysis led to the following outcomes in terms of the most discriminating criteria and groups of countries:

- Criterion 1: Number of branches covered greater than 6 (median). This criterion selects those countries which cover 7 or 8 social security branches and which pursue a comprehensive strategy by dealing with almost all components of social protection.

- Criterion 2: Having an unemployment and/or a family allowance benefit. This criterion is to differentiate between the quality of social security systems. These two benefits were chosen because they are mainly adopted in countries with high levels of development and as such can be considered as "superior", "valuable" or "costly" benefits.

- Criterion 3: Total social security expenditure (as a % of GDP) greater or equal to the third quartile. This is to classify countries according to the amount of resources which they allocate to social security, irrespective of the strategy being pursued, that is by covering all branches or focusing on a few.

- Criterion 4: Other than a social assistance type of programme as a main programme for the provision of any of the 8 benefits/branches. This is to consider the "quality" or "political content" of the option made by countries in the way they provide a particular benefit or cover a particular branch. Social assistance is taken as a proxy for a "liberal" or "non-progressive" model where the idea of (social) solidarity is not central.

The list of countries by group resulting from this analysis is in Annex 5 (see also the map at the end of this section)[18]. The "top" group, which fulfills all (4) criteria, has 17 countries, 12 of which are Western European (12). The other 5 countries are from Eastern Europe and they are known for having copied Western European social legislation to a large extent. But they are also well known for not actually providing the corresponding benefits. Once variables on the "effectiveness" of social security schemes are included in the analysis, most of these 5, if not all countries, would probably belong to a different group.

The second and third "best" groups add up to 37 countries. They are mainly associated with medium level HDI and as such include most of the Latin American (and the USA) and North African and Eastern European countries. Industrialized countries that follow a liberal development model, such as the UK, Japan, New Zealand, Australia and Canada also belong to these groups.

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[18] In this analysis, countries are grouped according to the number of criteria met. Note that two countries in the same group, say with 2 criteria, do not necessarily meet the two same criteria.

Table 5: Global social security index by level of HDI

		Classification according to the HDI						Total	
		High HDI (>0.799)		Medium HDI (0.500-0.799)		Low HDI (<0.500)			
		Count	Col %	Count	Col %	Count	Col %	Count	Col %
Global Social Security Index	None			19	35.2%	11	57.9%	30	29.4%
	1 Criterion	1	3.4%	9	16.7%	8	42.1%	18	17.6%
	2 Criteria	6	20.7%	15	27.8%			21	20.6%
	3 Criteria	7	24.1%	9	16.7%			16	15.7%
	4 Criteria	15	51.7%	2	3.7%			17	16.7%
Total		29	100.0%	54	100.0%	19	100.0%	102	100.0%

SES Social Security Database

The worst and the one but worst groups taken together add to 48 countries. On the whole these two "bottom" groups do not differ significantly from one another except for Criterion 2: they bith have a similarly low social security extension, but in the worst-off group none of the "superior" benefits (unemployment benefit or family allowances) is implemented, while in the one but worst group at least one of them (family allowances mainly) is.[19] Another difference is that the worst group includes most of Anglophone African, South East Asian and Caribbean countries, while the one but worst gather Francophone African (plus South Africa) and a few Eastern European countries (Table 6).
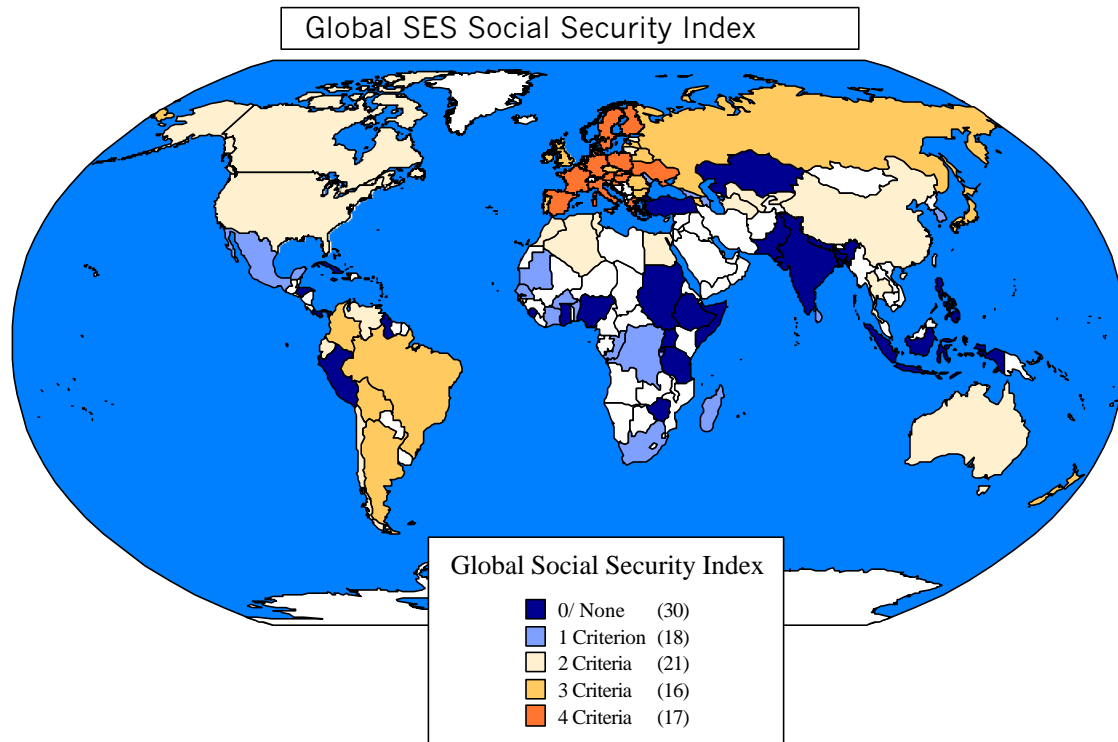
Table 6: Distribution of Global Social Security index and Regions

		Global Social Security Index										Total	
		0/ None		1 Criterion		2 Criteria		3 Criteria		4 Criteria			
		Count	Col %	Count	Col %	Count	Col %	Count	Col %	Count	Col %	Count	Col %
REGIONS	North Africa			1	5.6%	4	19.0%					5	4.9%
	SoS Africa	10	33.3%	10	55.6%							20	19.6%
	Latin America+Carribean	12	40.0%	1	5.6%	6	28.6%	4	25.0%			23	22.5%
	North America					2	9.5%					2	2.0%
	Western Europe							3	18.8%	12	70.6%	15	14.7%
	Eastern Europe			3	16.7%	3	14.3%	7	43.8%	5	29.4%	18	17.6%
	Asia	8	26.7%	3	16.7%	5	23.8%	1	6.3%			17	16.7%
	Pacific					1	4.8%	1	6.3%			2	2.0%
Total		30	100.0%	18	100.0%	21	100.0%	16	100.0%	17	100.0%	102	100.0%

SES Social Security Database

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[19] It is worth noting that the classification of countries presented in the ILO World Labour Report 2000 is very close to the one presented here for the two top groups, which are labelled as "generous" and "intermediary" social security systems in the report.

Graph 8: Map of the Global SES Social Security Index

Global SES Social Security Index

Global Social Security Index

|	
■ 0/ None	(30)
■ 1 Criterion	(18)
□ 2 Criteria	(21)
■ 3 Criteria	(16)
■ 4 Criteria	(17)

III.   Sectoral overview: The case of unemployment benefit

According to the ILO World Employment Report 1998-1999, at the end of 1998 some 1 billion workers – or one third of the world's labour force – were either unemployed or underemployed. The number of the unemployed was estimated at about 150 millions by the end of 1998. The other 850 million or so are the underemployed who are mainly workers from developing countries and economies in transition holding unprotected low-productivity jobs.

The SES Social Security Database has values for the unemployment rate in 76 out of the 102 countries covered. The highest rate is 28.7% (Algeria) and the un-weighted mean is 9.7%. On average, highest unemployment rate is found in medium HDI level countries (11.5%).

As shown in Graph 8, there is no clear link between the existence of an unemployment benefit scheme and the level of unemployment.

Graph 9: Percentage of countries having or not an unemployment benefit scheme by rate of unemployment (1996-1999)
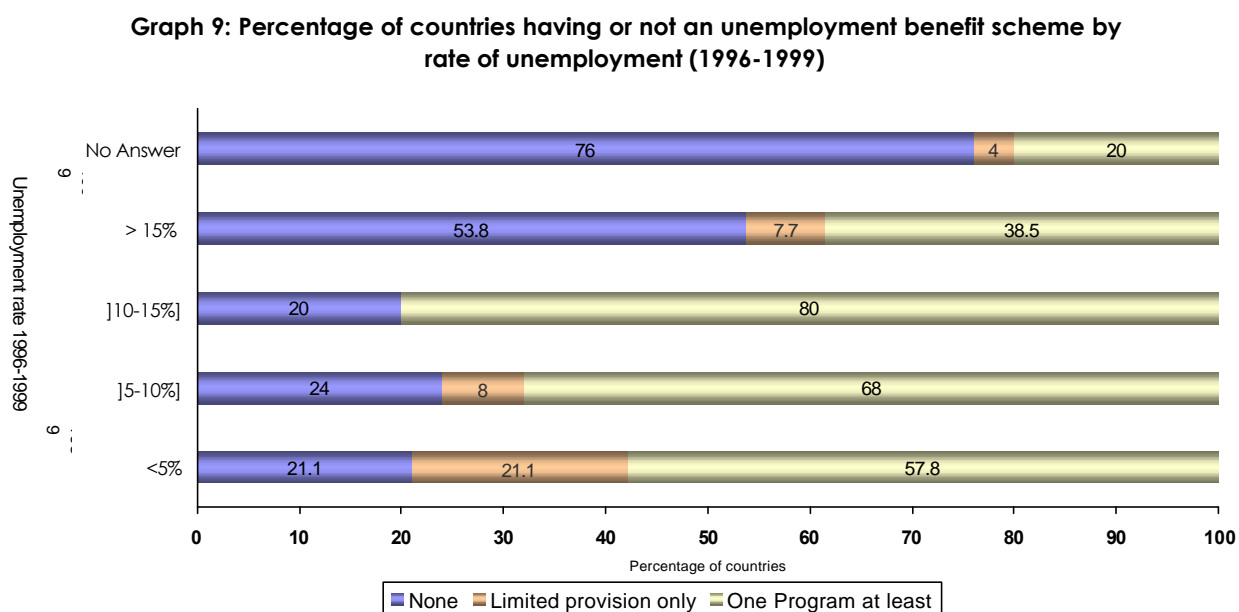
SES Social Security Database

Legislation

A preliminary remark is that as compared to branches such as work injury, invalidity, old age and survivors benefits, unemployment is the least covered risk in the countries under review.

Legislation on unemployment benefit has only been adopted during the 20th century and around 3 main time periods[20]. From the beginning of the 1900s to 1921 almost all Western European or EU countries adopted legislation.   From 1921 to 1940 the remaining European countries (Germany, Sweden, Greece and Portugal) joined together with the USA, Canada and some of the Eastern European countries. A third wave started after the war and concerned mainly South American countries, a few from Asia and North Africa.   From 1990 onwards a fourth wave was initiated, mainly as a result of the breakdown of the Soviet Union.   Many of the newly independent states, including the Balkan, decided to introduce legislation on unemployment

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[20] Confer key dates in Annex 6

benefits. Hungary and Croatia were the exception, as they had already installed such benefit in the 1950s.

This legislation has, however, not always led to the implementation of corresponding programmes. Just over half (54 countries) of the 102 countries under study have an unemployment benefit scheme. 8 countries have only a limited provision and 40 have no specific program for the unemployed. Moreover, Table 7 indicates that countries, which have an unemployment benefit programme, are rather unevenly distributed. All countries with high HDIs, (industrialised and in transition) do have one such programme, while only one in every two countries in the middle HDI countries have one. There is none in the lowest group of countries.

Table 7: Existence of an unemployment benefit scheme by level of HDI

| | | Classification according to the HDI | | | | | | Total | |
| | | High HDI (>0.799) | | Medium HDI (0.500-0.799) | | Low HDI (<0.500) | | | |
		Count	Col %	Count	Col %	Count	Col %	Count	Col %
Unemployment: Number of programs	Limited provision (eg. labour code only)			6	11.1%	2	10.5%	8	7.8%
	None			23	42.6%	17	89.5%	40	39.2%
	One Program at least	29	100.0%	25	46.3%			54	52.9%
Total		29	100.0%	54	100.0%	19	100.0%	102	100.0%

SES Social Security Database

Expenditure

The data for expenditure on social security in general, and on unemployment benefits in particular are incomplete and have to be interpreted with caution.[21] Not all the 54 countries having an unemployment benefit have a figure for the corresponding expenditure, only 37 do.[22]

Table 8 shows that the mean expenditure for unemployment benefit as a percentage of GDP is of 1.3 percent (37 countries). Mean and median values are significantly higher in high HDI level countries and higher in Western European countries (2.4% of GDP). It should also be noted that the variation or dispersion of these rates across countries is high, as shown by the standard deviation value.

Table 8: Expenditure for Unemployment (in % of GDP) by level of HDI

Expenditure (%GDP)-Unemployment

		Maximum	Minimum	Mean	Median	Std Deviation	Valid N
Classification according to the HDI	High HDI (>0.799)	4,43	,00	1,60	1,24	1,33	N=28
	Medium HDI (0.500-0.799)	1,09	,00	,40	,30	,36	N=9
Table Total		4,43	,00	1,30	,90	1,27	N=37

Social Security Database

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[21] The data on social security expenditure are provided by the ILO (Cost of social security). This data are collected through a questionnaire (1997), covering the period 1994-1996. Ministries of Labour, Social Affairs, Social Security Institutions etc. are the bodies that reply. But not all respondents are able to provide all of the data required. Thus, for some countries data cover only part of all the social security schemes existing in the country. Furthermore, not all financing sources are always identified.

[22] Some of the western European countries have been completed with data from Eurostat

Type of programme[23]

Social insurance is the most commonly used type of program. Social insurance is operating in 48 out of the 54 countries that have declared to have an unemployment benefit scheme. 4 of them have a programme of "social assistance" as a main program: Tunisia, Estonia, Australia, New Zealand. Finland, France, Ireland, Netherlands, Portugal and the United Kingdom have two types of programme: a programme of social assistance[24] in addition to a programme of social insurance.

Globally, and accounting for the fact that in some countries there are several types of programmes to overcome the unemployment risk, the situation is as follows:

- 48 countries propose a main programme of social insurance[25], of which 6 also propose a programme of social assistance
- social assistance is a main programme in 4 countries
- only 1 country has a mandatory private insurance (Hungary)
- 5 have an employer's liability type of programme associated with a "limited provision" benefit.

Coverage

In most cases, unemployment benefit schemes cover all salaried workers. It is in Eastern Europe that the coverage is wider, as it includes all employees, private and public. In most CIS countries, workers in the public and private sectors have been affiliated to an unemployment benefit scheme in response to the growing risk of becoming unemployed, given uncertainties associated with the transition to the market economy. In Armenia, Belarus, Estonia, Georgia, Kyrgyzstan, Romania, Russia, Turkmenistan and Uzbekistan unemployment programmes cover all employees, and only one of them is limited by a means-tested mechanism (Uzbekistan). Estonia, with a scheme based on the principle of social assistance is the only country where the coverage is extended to all residents. In this country, the conditions of entitlement depend more on the residence and age than on the status in employment. Some of the Eastern European countries, which had initially a wide coverage, have subsequently moved to a more restricted one, such as in Western countries. This took place after 1989, when unemployment grew[26] and some countries such as Hungary, Bulgaria and Slovakia implemented more restrictive rules.

An issue worth exploring further is that when a programme is said to cover all salaried workers, it includes in principle both private and public sector employees. But this is only true if public servants also contribute to the unemployment insurance and are therefore not under any public permanent employment guarantee status. For example, in Canada, the labour market re-regulation process has included public servants under the unemployment programme as a result of the removal of their right to a "permanent" contract.

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[23] For the unemployment benefit as for other social security branches, each type of programme can be characterised by some standards in terms of conditionalities, coverage, etc. For more details see Annex 7.
[24] Social assistance programmes are usually designed to provide some protection to those (unemployed) people who do not meet the necessary conditions to be entitled to the main (social insurance) programme.
[25] In Sweden, unemployment system is atypical and difficult to classify according to the SES database. It could also be classified as universal.
[26] World labour Report 2000.

In Western Europe, coverage is usually limited to private sector employees and in some cases to assimilated categories such as trainees (in Denmark) and apprentices (in Austria).

Graph 9: Unemployment benefit coverage

Number of countries
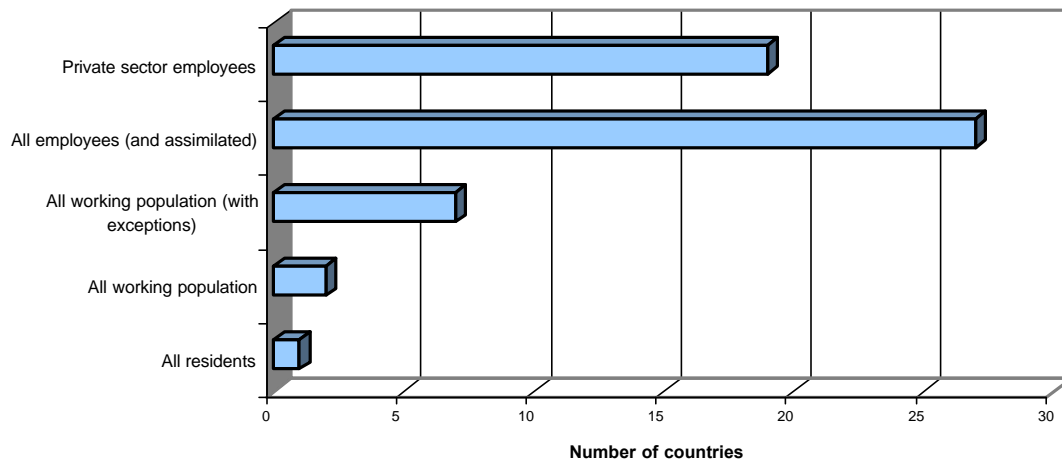
Financing

The aspect of financing which is the most relevant to this analysis is not so much the total amount, which is dependent on the level of unemployment, but rather the way the cost is shared by the social partners.

Employee contribution

- 28 countries have no employee contribution and among them are the four countries with a social assistance unemployment programme as main programme[27]. This is also the case for most of the Eastern European countries in the database.
- In 25 countries, the employee's contribution has a rate between 0.4 to 6.1%; the rate being higher in Western European countries.
- 2 countries have an irregular/discretionary contribution, namely Denmark and Finland.
- In four countries, employee contributions are included in the global old age employee contributions for pension (Armenia, Ireland, United Kingdom and Latvia)

Employer Contribution

As in the case of the contribution of employees, the employer's contribution in Denmark and Finland is irregular/discretionary. In 37 countries, the employer contribution rate is fixed, ranging from 0.75% (Barbados) to 6.2% (Spain). In Armenia, Ireland, United Kingdom and Latvia the contribution for unemployment is the employer's contribution to the old age branch. In Tunisia, Brazil, Chile, Estonia, Luxembourg, Sweden, Australia and New Zealand there is no employer contribution, while in Tanzania, Bolivia, Mexico, Bangladesh, Pakistan and Turkey the whole cost is supported by the employers

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[27] Australia, New-Zealand, Estonia and Tunisia. Social assistance programmes are usually financed through the general public revenue base.

Financing from government

In most countries, the government participation is "irregular and discretionary" (34 countries). In only 6 countries the financing by the government is "whole cost" (Brazil, Chile, Estonia, Sweden, Australia, New Zealand). In 16 countries there is no financing by the government.

Graph 10: Unemployment Financing from Government

Number of countries
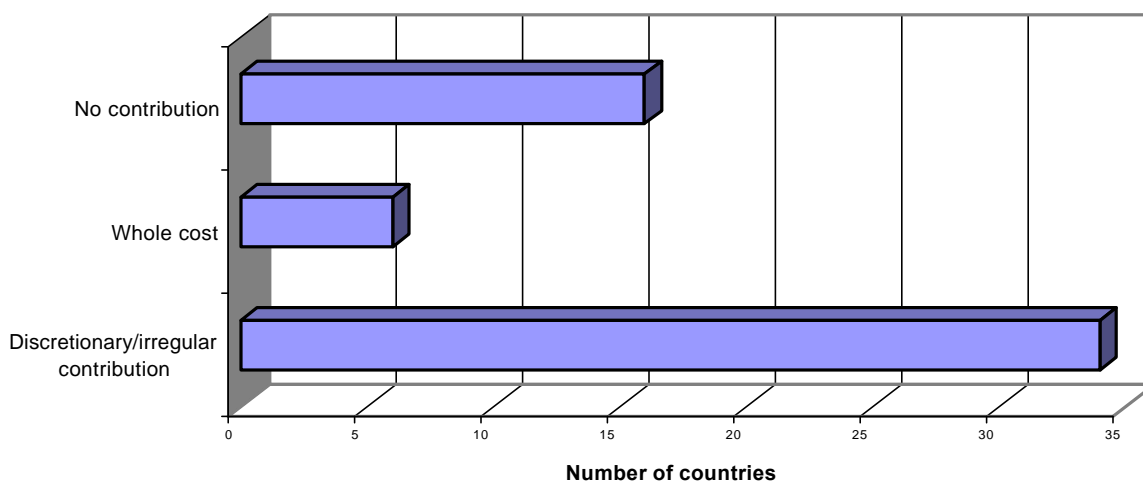
Conditionalities

Table 9 summarises the information on the conditionalities[28] as far as social insurance as a main programme is concerned, by far the most used programme for the provision of unemployment benefits.

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[28] A conditionality, which is not included in Table 9, concerns the maximum age for entitlement to unemployment benefits. In countries where such a condition exists, the maximum age is the one corresponding to the legal retirement age. No analysis has been carried out, as this information is missing for many countries.

Table 9: Main conditionalities for social assistance and social insurance programmes for unemployment benefits [29]

9.1 - Conditionality 1: Means-test

		Types of program (1) - Unemployment			
		Social assistance		Social insurance	
		Count	Col %	Count	Col %
Means-tested conditions for benefits - Unemployment	Yes	3	100.0%	6	13.3%
	No			39	86.7%
Total		3	100.0%	45	100.0%

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Means-test

Globally means-tested conditions for level of benefits are used only in 9 countries among which Australia, New Zealand and Tunisia. There, unemployment benefits do not follow the insurance principle.

9.2 - Conditionality 2: Qualifying period of contribution

		Types of program (1) - Unemployment			
		Social assistance		Social insurance	
		Count	Col %	Count	Col %
Qualifying period of contribution	None	1	50.0%	1	2.9%
	Less than one year			18	51.4%
	One year			10	28.6%
	More than one year	1	50.0%	6	17.1%
Total		2	100.0%	35	100.0%

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9.3 - Conditionality 3: Qualifying period of Work

		Types of program (1) - Unemployment			
		Social assistance		Social insurance	
		Count	Col %	Count	Col %
Qualifying period of work	None			17	65.4%
	6 months and less	1	100.0%	6	23.1%
	More than 6 months			3	11.5%
Total		1	100.0%	26	100.0%

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Qualifying period

The qualifying period of contribution seems shorter in some East European countries, such as Armenia or the Russian Federation. However, persistently high levels of unemployment over the 1990s lead to tighter eligibility rules in some of these countries, including Hungary and Romania, with a qualifying period of contribution greater than 2 years. This period is around one year in most West European countries.

9.4 - Conditionality 4: Waiting period

		Types of program (1) - Unemployment			
		Social assistance		Social insurance	
		Count	Col %	Count	Col %
Waiting period	None			5	25.0%
	One week and less	2	100.0%	9	45.0%
	More than one week			6	30.0%
Total		2	100.0%	20	100.0%

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Waiting period

It can be assumed that countries for which there is a « no answer » in the database do not actually have a waiting period.

Benefit

Maximum calculation (or replacement) rate

In general, countries that have no calculation rate in the benefit's formulae propose a flat rate. This is the case in particular of countries with a medium level of HDI (in Asia and Latin America) and among high HDI level countries, such as Australia, New Zealand and United Kingdom.

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[29] The totals in the Tables 9.1 to 9.4 correspond to the number of countries, which have social insurance or social assistance programmes as a main programme, and for which the information on the various conditionalities is available.

		Types of program (1) - Unemployment						Total	
		Social assistance		Social insurance		Employer-liability			
		Count	Col %	Count	Col %	Count	Col %	Count	Col %
Maximum calculation rate for benefit	No calculation rate	4	100.0%	12	25.5%	2	100.0%	18	34.0%
	50% and less			9	19.1%			9	17.0%
	51-60%			10	21.3%			10	18.9%
	More than 60%			16	34.0%			16	30.2%
Total		4	100.0%	47	100.0%	2	100.0%	53	100.0%

SES Social Security database

Indexing the benefit

In most countries (16 out of the 21 for which the information is available), the value of the benefit decreases over time. In three countries, unemployment benefits are indexed. In Albania, Luxembourg and Australia, the unemployment benefits are adjusted for inflation, either annually or at fixed dates. In Australia, for example, the "New start allowance" is adjusted in March and September according to Consumer Price Index.

Graph 11: Options of benefit indexation
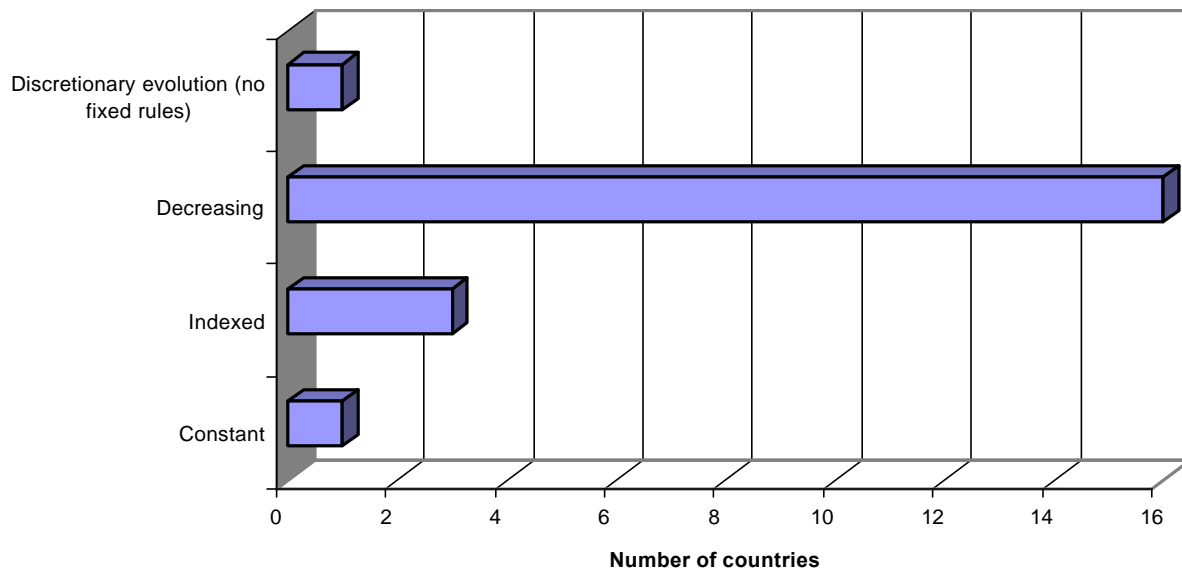
New Zealand has no fixed rules for the indexing of unemployment benefit but a procedure through which the level of benefits is reviewed annually according to age and family circumstances. Italy is apparently the only country where unemployment benefits are maintained constant in nominal terms.

Duration

A minority of countries (7) pay unemployment benefits in one lump sum, as a severance pay. They[30] belong to the group of medium level of HDI countries. Their unemployment benefit systems are in an initial stage and are characterised by rapid changes in regulatory arrangements.

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[30] Mexico, Ecuador, Columbia, India, Pakistan, Turkmenistan and Turkey

Table 11: Duration of benefit by level of HDI

		Classification according to the HDI				Total	
		High HDI (>0.799)		Medium HDI (0.500-0.799)			
		Count	Col %	Count	Col %	Count	Col %
Duration of unemployment benefit (recoded)	One lump sum			7	25.0%	7	13.2%
	6 months and less	8	32.0%	12	42.9%	20	37.7%
	More than 6 months to one year	6	24.0%	6	21.4%	12	22.6%
	More than one year	11	44.0%	3	10.7%	14	26.4%
Total		25	100.0%	28	100.0%	53	100.0%

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Within that group, the coverage is limited to private sector employees and there is no maximum calculation rate. In 4 out of these 7 countries, severance payment schemes are predominantly an employer's liability, even if for some countries, such as Ecuador, this is integrated within the social insurance scheme.

Similarly to the tightening of conditionalities in some Eastern European countries, the duration of benefits has been shortened (Bulgaria, Slovakia or the Czech Republic).

Other Unemployment Benefits

A few additional benefits are associated with the basic unemployment provision. But information is relatively incomplete on this aspect and available data indicate that only a small number of countries do actually provide them. These are:

- Family supplements[31]: 21 countries, which have unemployment provisions, do have a family supplement. The latter is usually for dependent spouse and children or children only. Algeria is the sole country with a supplement for the spouse only. These countries are mostly from Europe (East and West) but the USA, Canada, New Zealand and Australia are also part of this group.

- Partial accumulation of social security benefits: Information is only available for 12 countries out of which half do not allow such accumulation to take place. This procedure is, of course, only applicable to countries with an unemployment benefit scheme different from a "lump sum".

- Special provision for old aged unemployed: only 19 countries propose this provision, most of them have a high HDI and use a social insurance type of programme.

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[31] The distinction between these supplements and provisions from the "family allowances" branch is not always clear.

Towards an Unemployment Benefit Index[32]

In order to create an index reflecting different models and levels of protection against unemployment, a series of criteria have been tested and results are as follows:

- Criterion 1: Existence of a programme. This is to eliminate those countries, which do not have an unemployment benefit programme, in spite of having declared to have a law or another formal arrangement to cover the risk of unemployment.
- Criterion 2: Level of expenditure. This is to eliminate those countries that (i) have a programme, but have not declared any corresponding expenditure and, (ii) are spending relatively less (below the median).
- Criterion 3 and 4: Quality of protection. Two variables were used to measure this aspect: (i) The variable "type of programme" is used to eliminate those countries which have opted for social assistance or employer liability as a main programme, both being considered as "inferior" types of programme and, (ii) to select the countries which have a government and employer contribution and do not require any contribution from the employee.
- Criterion 5 and 6: Strength of the unemployment benefit. Variables in this case are: (i) the maximum benefit calculation rate over the workers previous earnings and, (ii) the period/duration during which unemployment benefit is due.

The distribution of countries according to these criteria is shown in Table 12.

Table 12: Number of countries by criterion

Variable	Criterion	Number of countries where the criterion is verified
1) Existence of a programme	Countries that have at least one unemployment benefit programme. **Note:** The small number of countries which have declared to have a "limited provision" for the unemployed have not been included.	54
2) Expenditure	Countries that have declared an expenditure, the value of which is larger than the median value of all declared expenditures. **Note:** 1. Only 36 countries out of a total of 54 having an unemployment benefit programme have indicated an expenditure.[33] When the information is not available, this criterion is not fulfilled. 2. The median value of expenditure for unemployment is equal to 0.89% (of GDP).	18
3) Type of program	Countries which have any type of programme as a main programme for unemployment benefit except social assistance or employer liability programmes.[34]	48

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[32] As with the Global Index, the Unemployment Benefit Index is at the present stage based only on variables reflecting the corresponding formal and regulatory arrangements in each of the countries under study. As already indicated, this is due to the lack of data on the actual performance or effectiveness of social security schemes.

[33] The distribution of "no answer" is instructive as it shows an over-representation among middle HDI countries.

[34] Note that the five countries that have an employer liability type of programme adopted a limited provision and not an unemployment benefit programme.

4) Financing	Unemployment benefit financed by both the government and employers (all types of contributions, the option "no contribution" being excluded). **Note:** Countries where the government and the employer contribute either through an irregular/discretionary contribution, a "whole cost" or a fixed rate, enter that category.	34
5) Maximum calculation rate	Maximum calculation rate greater or equal to 50%. **Note:** The countries with no calculation rate in the formulae are excluded. Most of them propose a flat rate amount that is assumed to be smaller than the maximum limit of 50%.	34
6) Duration of unemployment benefit	Duration of entitlement to unemployment benefit greater or equal to one year. **Note:** 7 countries pay unemployment benefit in one lump sum. It is assumed that they do not fulfil this criterion.	22

The Unemployment Benefit Index results from the combination of these 6 equally weighted criteria. It defines 7 groups: from 0 to 6 criteria. The "0" criterion group corresponds to the countries where no one criterion is verified. This group includes 49 countries. They are those, which do not have any unemployment benefit programme. At the other end, the "6 criteria" group gathers the countries with the "best" unemployment benefit. There are 4 such countries.

The following graph shows the distribution of countries by the number of criteria that are met.

Graph 12: Unemployment Benefit Index
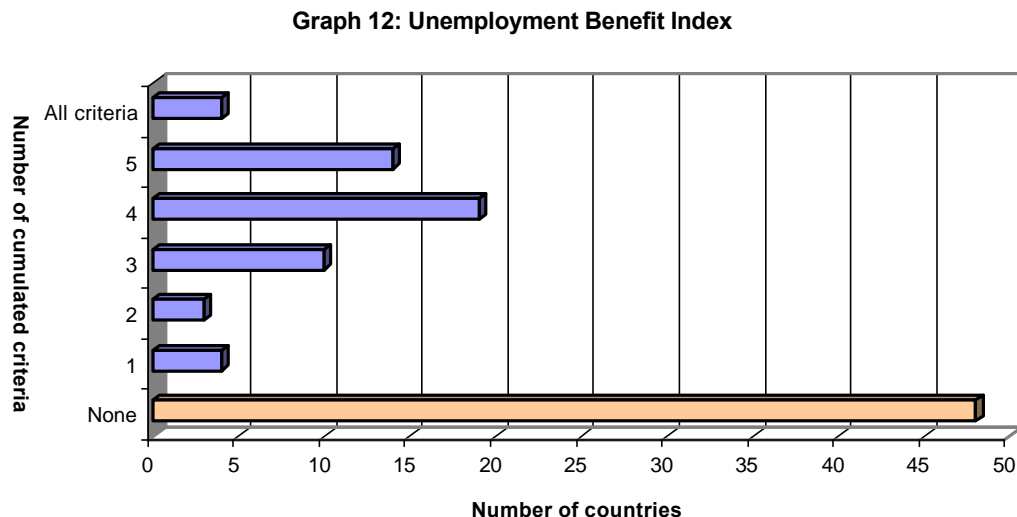
The Graph 13 shows, for each value of the index, the cumulated number of countries coping with each criterion. It allows to identify changes in pattern (slope of the curves), and propose a final number of groups of countries or "typical" models of protection of the unemployed.

Graph 13: Number of countries by number of criteria
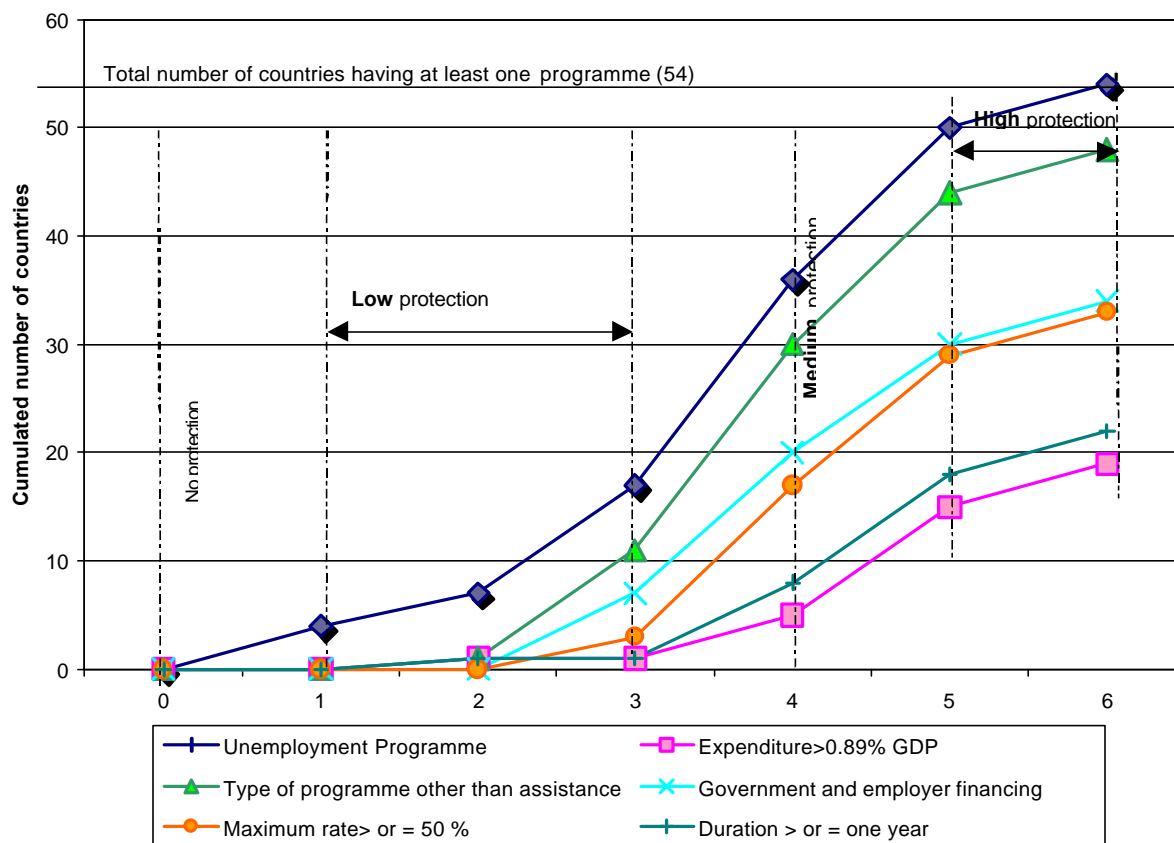
As a result four groups were retained (Table13 next page).

This grouping calls for the following comments:

- The unavailability of variables measuring the effectiveness (outcomes) of the programmes, such as actual coverage rate of unemployment benefits (e.g. the unemployed receiving benefits relative to all the unemployed) implies that the formal "eligibility to benefits" variables prevail in the grouping of countries resulting from this Index and produces some unexpected results. For example, although the Russian Federation, Ukraine and other countries in the region may have very similar formal arrangements or rights of protection against unemployment to those in Western Europe (Austria, Belgium, etc.), such rights are very differently realised in each of these two regions. The "Eastern" group of countries is only effectively paying unemployment benefits, if any, to a minority of the eligible unemployed, while in most of the "Western" countries the unemployed do receive such benefits in accordance with the formal provisions.
- The two criteria, which are less frequently met, are (i) higher level of expenditure and (ii) maximum duration of entitlement to unemployment benefit. They constitute the major

difference between countries with a high and a medium level of unemployment protection.

- Countries with a low level of protection are characterised by (i) a limited duration of the unemployment benefit payment, (ii) a maximum rate for unemployment benefit below 50% (or flat rate amount below 50%) and (iii) a below median unemployment expenditure.
- Among countries with a high level of unemployment protection, a small group of 4 countries (Denmark, Finland, France and Germany) cope with all the selected criteria. The main difference between these countries and the 14 other countries of that group is in the duration of the unemployment benefit payment and level of expenditure for unemployment benefits.

Table 13: List of countries by levels of the Unemployment Benefit Index

VERY LOW		LOW	MEDIUM	HIGH
No criteria met		1 to 3 criteria	4 criteria	5 and 6 criteria
Bangladesh	Madagascar	**1 criterion (4)**	Albania	**5 criteria (14)**
Benin	Mauritania	Australia	Algeria	Austria
Bolivia	Mexico	Estonia	Argentina	Belgium
Burkina Faso	Morocco	Mauritius	Armenia	Greece
Burundi	Nepal	Tunisia	Azerbaijan	Hungary
Colombia	Nigeria		Belarus	Ireland
Congo	Pakistan	**2 criteria (3)**	Brazil	Luxembourg
Congo, DR of	Panama	Chile	Bulgaria	Netherlands
Costa Rica	Peru	Ecuador	Canada	Poland
Côte dIvoire	Philippines	New Zealand	China	Portugal
Cuba	Rwanda		Czech Republic	Romania
Dominica	Santa Lucia	**3 criteria (10)**	Egypt	Russian Federation
Ethiopia	Senegal	Barbados	Japan	Slovakia
Ghana	Sierra Leone	Croatia	Korea, Republic of	Spain
Grenada	Somalia	Georgia	Latvia	Ukraine
Guyana	Sri Lanka	Italy	Sweden	
Haiti	St Vincent	Kyrgyzstan	United Kingdom	**6 criteria (4)**
Honduras	Tanzania	Lithuania	United States	Denmark
India	Thailand	Republic of Moldova	Uzbekistan	Finland
Indonesia	Trinidad & Tobago	South Africa		France
Jamaica	Turkey	Turkmenistan		Germany
Kazakhstan	Uganda	Venezuela		
Kitts and Nevis	Zimbabwe			
Lebanon				
48		**17**	**19**	**18**

Finally, if comparing levels of protection with levels of HDI, rather consistent results do appear (Table 14):

- All countries in the low HDI group do not have an unemployment protection scheme;
- Over 80% of the countries with high levels of HDI have also a "superior" unemployment protection scheme;
- Medium level HDI countries could be separated in two sub-groups, those with no unemployment protection and those with low and medium unemployment protection levels.

Table 14: Level of unemployment Social Security index by HDI level

| | | Classification according to the HDI | | | | | | Total | |
| | | High HDI (>0.799) | | Medium HDI (0.500-0.799) | | Low HDI (<0.500) | | | |
		Count	Col %	Count	Col %	Count	Col %	Count	Col %
Unemployment social security index	No unemployment scheme			29	53.7%	19	100.0%	48	47.1%
	Low level of unemployment protection	6	20.7%	11	20.4%			17	16.7%
	Medium level of unemployment protection	8	27.6%	11	20.4%			19	18.6%
	High level of unemployment protection	15	51.7%	3	5.6%			18	17.6%
Total		29	100.0%	54	100.0%	19	100.0%	102	100.0%

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List of countries covered

Countries covered by the SES Social Security Database by level of HDI

High HDI (>0.799)	*Medium HDI (0.500-0.799)*	*Low HDI (<0.500)*
Argentina	Albania	Benin
Australia	Algeria	Bangladesh
Austria	Armenia	Burkina Faso
Barbados	Azerbaijan	Burundi
Belgium	Belarus	Congo, Democratic Republic
Canada	Bolivia	Côte dlvoire
Chile	Brazil	Ethiopia
Czech Republic	Bulgaria	Haiti
Denmark	China	Madagascar
Estonia	Colombia	Mauritania
Finland	Congo	Nepal
France	Costa Rica	Nigeria
Germany	Croatia	Rwanda
Greece	Cuba	Senegal
Hungary	Dominica	Sierra Leone
Ireland	Ecuador	Somalia
Italy	Egypt	Sudan
Japan	Georgia	Tanzania, United Republic of
Korea, Republic of	Ghana	Uganda
Luxembourg	Grenada	
Netherlands	Guyana	
New Zealand	Honduras	
Poland	India	
Portugal	Indonesia	
Slovakia	Jamaica	
Spain	Kazakhstan	
Sweden	Kitts and Nevis	
United Kingdom	Kyrgyzstan	
United States	Latvia	
	Lebanon	
	Lithuania	
	Mauritius	
	Mexico	
	Morocco	
	Pakistan	
	Panama	
	Peru	
	Philippines	
	Republic of Moldova	
	Romania	
	Russian Federation	
	Santa Lucia	
	South Africa	
	Sri Lanka	
	St Vincent	
	Thailand	
	Trinidad and Tobago	
	Tunisia	
	Turkey	
	Turkmenistan	
	Ukraine	
	Uzbekistan	
	Venezuela	
	Zimbabwe	
29	**54**	**19**

Number of countries by region

Annex 2: Distribution of countries by regions and index by level of HDI

		Classification according to the HDI						Total	
		High HDI (>0.799)		Medium HDI (0.500-0.799)		Low HDI (<0.500)			
		Count	Col %	Count	Col %	Count	Col %	Count	Col %
REGIONS	North Africa			4	7.4%	1	5.3%	5	4.9%
	SoS Africa			5	9.3%	15	78.9%	20	19.6%
	Latin America+Carribean	3	10.3%	19	35.2%	1	5.3%	23	22.5%
	North America	2	6.9%					2	2.0%
	Western Europe	15	51.7%					15	14.7%
	Eastern Europe	5	17.2%	13	24.1%			18	17.6%
	Asia	2	6.9%	13	24.1%	2	10.5%	17	16.7%
	Pacific	2	6.9%					2	2.0%
Total		29	100.0%	54	100.0%	19	100.0%	102	100.0%

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Annex 3: Date of first law by level of HDI

			Maximum	Minimum	Median	Valid N
Classification according to the HDI	High HDI (>0.799)	Date of the first law - Sickness	1984	1883	1922	N=27
		Date of the first law - Maternity	1966	1883	1922	N=27
		Date of the first law - Old-age	1973	1889	1919	N=29
		Date of the first law - Invalidity	1973	1889	1924	N=29
		Date of the first law - Survivors	1973	1889	1924	N=29
		Date of the first law - Family allowances	1971	1922	1945	N=26
		Date of the first law - Work injury	1984	1884	1902	N=29
		Date of the first law - Unemployment	1995	1905	1935	N=29
	Medium HDI (0.500-0.799)	Date of the first law - Sickness	1990	1912	1950	N=43
		Date of the first law - Maternity	1990	1912	1949	N=45
		Date of the first law - Old-age	1993	1912	1955	N=54
		Date of the first law - Invalidity	1993	1912	1954	N=53
		Date of the first law - Survivors	1993	1912	1954	N=53
		Date of the first law - Family allowances	1993	1939	1944	N=26
		Date of the first law - Work injury	1991	1903	1937	N=53
		Date of the first law - Unemployment	1994	1919	1965	N=25
	Low HDI (<0.500)	Date of the first law - Sickness	1993	1939	1951	N=3
		Date of the first law - Maternity	1993	1939	1952	N=10
		Date of the first law - Old-age	1975	1956	1964	N=16
		Date of the first law - Invalidity	1975	1956	1964	N=15
		Date of the first law - Survivors	1975	1956	1964	N=16
		Date of the first law - Family allowances	1971	1951	1955	N=8
		Date of the first law - Work injury	1963	1923	1948	N=19
		Date of the first law - Unemployment	1965	1965	1965	N=1

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Correlation between social security branches

Correlations

		SICKNESS: 1 pg at least	MATERNITY: 1 pg at least	OLD AGE: 1 pg at least	INVALIDITY: 1 pg at least	SURVIVORS: 1 pg at least	FAM ALLOWAN CES: 1 pg at least	WORK INJURY: 1 pg at least	UNEMPLO YMENT: 1 pg at least
SICKNESS: 1 pg at least	Pearson Correlation	1	,771**	,137	,245*	,196*	,183	-,066	,445**
	Sig. (2-tailed)	,	,000	,169	,013	,048	,065	,511	,000
	N	102	102	102	102	102	102	102	102
MATERNITY: 1 pg at least	Pearson Correlation	,771**	1	,198*	,221*	,147	,264**	-,051	,346**
	Sig. (2-tailed)	,000	,	,046	,025	,141	,007	,613	,000
	N	102	102	102	102	102	102	102	102
OLD AGE: 1 pg at least	Pearson Correlation	,137	,198*	1	,767**	,862**	,208*	-,017	,185
	Sig. (2-tailed)	,169	,046	,	,000	,000	,036	,863	,063
	N	102	102	102	102	102	102	102	102
INVALIDITY: 1 pg at least	Pearson Correlation	,245*	,221*	,767**	1	,890**	,271**	-,023	,150
	Sig. (2-tailed)	,013	,025	,000	,	,000	,006	,822	,133
	N	102	102	102	102	102	102	102	102
SURVIVORS: 1 pg at least	Pearson Correlation	,196*	,147	,862**	,890**	1	,241*	-,020	,113
	Sig. (2-tailed)	,048	,141	,000	,000	,	,014	,841	,258
	N	102	102	102	102	102	102	102	102
FAM ALLOWANCES: 1 pg at least	Pearson Correlation	,183	,264**	,208*	,271**	,241*	1	-,083	,448**
	Sig. (2-tailed)	,065	,007	,036	,006	,014	,	,405	,000
	N	102	102	102	102	102	102	102	102
WORK INJURY: 1 pg at least	Pearson Correlation	-,066	-,051	-,017	-,023	-,020	-,083	1	-,094
	Sig. (2-tailed)	,511	,613	,863	,822	,841	,405	,	,348
	N	102	102	102	102	102	102	102	102
UNEMPLOYMENT: 1 pg a least	Pearson Correlation	,445**	,346**	,185	,150	,113	,448**	-,094	1
	Sig. (2-tailed)	,000	,000	,063	,133	,258	,000	,348	,
	N	102	102	102	102	102	102	102	102

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

None	One criterion	Two criteria	Three criteria	Four criteria
Bangladesh	Azerbaijan	Albania	Argentina	Austria
Cuba	Benin	Algeria	Armenia	Belgium
Dominica	Burkina Faso	Australia	Belarus	Croatia
Ethiopia	Burundi	Barbados	Bolivia	Denmark
Ghana	Congo	Canada	Brazil	Finland
Grenada	Congo, Democratic Republic of	Chile	Bulgaria	France
Guyana	Côte dlvoire	China	Colombia	Germany
Haiti	Georgia	Costa Rica	Czech Republic	Greece
Honduras	Korea, Republic of	Ecuador	Ireland	Hungary
India	Lebanon	Egypt	Japan	Italy
Indonesia	Madagascar	Estonia	Latvia	Luxembourg
Jamaica	Mauritania	Kyrgyzstan	New Zealand	Netherlands
Kazakhstan	Mauritius	Lithuania	Portugal	Poland
Kitts and Nevis	Mexico	Morocco	Romania	Slovakia
Nepal	Republic of Moldova	Thailand	Russian Federation	Spain
Nigeria	Senegal	Trinidad and Tobago	United Kingdom	Sweden
Pakistan	South Africa	Tunisia		Ukraine
Panama	Sri Lanka	Turkmenistan		
Peru		United States		
Philippines		Uzbekistan		
Rwanda		Venezuela		
Santa Lucia				
Sierra Leone				
Somalia				
St Vincent				
Sudan				
Tanzania, United Republic of				
Turkey				
Uganda				
Zimbabwe				
30	**18**	**21**	**16**	**17**

Unemployment: Date of first law

Key dates:

Before 1940	
1905 – 1937	**Western Europe countries** Western European countries, with the exception of Greece and Portugal, were the first to adopt a programme specific to unemployment branch. France in 1905, followed by Denmark in 1907 were the first ones. In 1921, 11 out of the 15 actual EU countries had adopted a law specific to unemployment. The four others will follow (Germany: 1927; Sweden: 1937; Greece: 1945; Portugal: 1975).
1921	Several **Eastern Europe countries**: Armenia, Belarus, Kyrgyzstan, Russian Federation, Ukraine A second round occurs in the 1950s 1952:Croatia; 1957: Hungary
1935-1940	**North America**: United States in 1935 and Canada in 1940
1937-1967	**Latin America:** 1937: Chile 1940: Venezuela 1951: Ecuador 1965: Brazil 1967: Argentina
1940 – 1989	
1944	South Asia and Pacific 1944: Australia 1947: Japan
1959 – 1982	**North Africa:** Egypt (1959); Tunisia (1982); Algeria (1994)
Last Decade	
1991 – 1993	1991: Azerbaijan; Georgia; Turkmenistan; Uzbekistan; Czech Republic; Estonia; Latvia; Romania; Slovakia 1992; Republic of Moldova 1993: Albania
1995	Korea[35] (Republic of).

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[35] World Labour Report 2000: "On the 1 July 1995 the Republic of Korea implemented an unemployment benefit scheme under the term of the Employment Insurance Act adopted in 1993. The Asian financial crisis has had a major impact on it by stimulating the social partners to agree on an exceptionally rapid expansion and improvement of the scheme early in 1998." p. 162 (ILO, Geneva, 2000).

Defining standards by type of programme

Each type of programme has its standards in terms of expenditure, coverage, financing and conditionalities. They are as follows:

If Types of programs is **Social assistance** then:
⇨ 2. Level of expenditure of all programs in the branch as % of GDP: low
⇨ 6. Coverage: all residents
⇨ 7. Employee contribution = 0
⇨ 8. Employer contributions = 0
⇨ 9. Financing from Government = whole cost
⇨ 10. Means-tested conditions for benefits = Yes
Basis in SES Social Security Database : 4

If Types of programs is **Social insurance** then:
⇨ 2. Level of expenditure of all programs in the branch as % of GDP: high
⇨ 6. Coverage: Different from all residents
⇨ 7.8 Employee contribution OR Employer contribution is different from 0
⇨ 10. Means-tested conditions for benefits = No
Basis in SES Social Security Database : 4

If Types of programs is **Universal/ Demogrant** then:
⇨ 6. Coverage: All residents
⇨ 7. Employee contribution = 0
⇨ 8. Employer contributions = 0
⇨ 9. Financing from Government = whole cost
⇨ 10. Means-tested conditions for benefits = No
⇨ 19. Maximum rate of benefit = different from 0

If Types of programs is **Mandatory private insurance** then:
⇨ 1: number of programme is greater than 1
⇨ 10. Means-tested conditions for benefits = No

If Types of programs is **Provident funds** then:
⇨ 7. Employee contribution (%) is different from 0
⇨ 10. Means-tested conditions for benefits = No
⇨ 19. Maximum rate of benefit = different from 0

If Types of programs is **Employer liability** then:
⇨ 2. Level of expenditure of all programs in the branch as % of GDP: low
⇨ 6. Coverage: Different from all residents
⇨ 7. Employee contribution = different from a %
⇨ 8. Employer contributions = whole cost
⇨ 9. Financing from Government = different from a %
⇨ 10. Means-tested conditions for benefits = No

Brief definition of the 6 selected "types of social security programs"[36]

Social insurance:
Programs ensure social rights based on contributions, usually from employer and/or employee. Therefore, social insurance programs are usually employment-related programs.

Universal/demogrant:
Tax financed programs providing flat-rate cash benefits usually based on a condition of residence and without any means-tested conditions.

Social assistance:
Programs usually designed for the poorest to cover their basic needs. A means test is used to define if individuals qualify for the benefits. These programs are commonly tax financed.

Mandatory private insurance:
Programs based on the insurance principles but privately managed. In some countries, these programs were phased in during the last 20 years while social insurance programs were phased out. These programs are usually considered as part of the social security system as they remain compulsory.

Provident funds:
Compulsory savings programs usually developed as an old age program. A lump sum is usually provided based on contributions and interests there from. In some cases, there is a possibility of conversion of the lump sum into an annuity.

Employer-liability:
These programs are usually not pre-financed and benefits are directly paid by the employer to cover social security risks, mostly defined by Labour Codes.

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[36] Types of programmes corresponding to variable/question number **5** in the database questionnaire.