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Social protection and minimum wages responses to the 2008 financial and economic crisis: Findings from the ILO/World Bank Inventory

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Preface

Following the G20 leaders' statement at the London Summit in April 2009 inviting the ILO, "working with other relevant organizations, to assess the actions taken and those required for the future [in the areas of employment and social protection policies]", a joint ILO/WB Inventory of policy responses to the 2008 financial and economic crisis was one of the initiatives adopted by the ILO. The Inventory follows the framework of policies provided by the ILO's Global Jobs Pact and contains information of policy responses in four major areas (macroeconomics and employment, social protection, international labour standards and social dialogue) for 77 countries. For all recorded measures, the Inventory database gives, whenever possible, information on costs, time frame, target population, number of beneficiaries, impact and whether the measures resulted from social dialogue.

The Inventory project has been managed in the Economic and Labour Market Analysis Department of the ILO by Catherine Saget (Senior Economist, and manager of the project) and Moazam Mahmood (Director), under the responsibility of Jose Manuel Salazar (Executive Director, Employment Sector). On the World Bank side, the project was managed by Friederike Rother (Operations Officer), David Newhouse (Labour Economist), and David Robalino (Director) of the Labour Markets Team, under the responsibility of Arup Banerji (Director, Social Protection and Labour). On the Social Protection sector side of the ILO, Michel Cichon (Director, Social Security Department), Alejandro Bonilla-Garcia (Chief of Education, Training and Capacity Building, Social Security Department), Florence Bonnet (Social Security Specialist, Social Security Department), Patrick Belser (Senior Economist, Conditions of Work and Employment), and Kristen Sobeck (Junior economist) provided support and guidance in the data collection process and analysis. Axel Weber was a consultant for the ILO in the initial phase of this project.

The Swiss Secretariat of the Economy (SECO) provided financial support to the Inventory project to the ILO and to the WB through the Multi Donor Trust Fund. This support is gratefully acknowledged.

We would like to thank the members of the respective teams for their excellent collaboration on this project.

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1. Introduction

In 2009, the global economy experienced a 0.5 per cent contraction, following a modest 3 per cent growth in 2008.[1] *The recession was of an unprecedented scale in the post Second World War era and severely hit a*dvanced economies, whose output declined by 3.4 per cent in 2009, while growth halved in emerging and developing countries.[2] In terms of impact on jobs and living standards, the developed world accounted for most of the increase in global unemployment with youth bearing the brunt of the crisis impact. Whereas, the effects on the developing world are particularly evident in social indicators such as poverty, the working poor and vulnerable employment.

The need for social protection increased. There were 205 million unemployed in 2009, as opposed to 183 million before the crisis; youth unemployment rates increased from 11.9 per cent in 2008 to 12.8 per cent in 2009.[3] Also, it is estimated that up to an additional 100 million individuals fell below the poverty line worldwide as a result of the crisis, thus stalling progress towards MDG indicators almost universally.[4] Vulnerable employment, defined as the sum of self-account workers and contributing family members, increased after a decade of downwards trends.[5]

Income replacement is a fundamental aspect of social protection as it helps cushion consumer spending, thus sustaining aggregate demand, and helps maintain employability and retains skills – a key requirement for a sustainable recovery. By providing support to keeping people in the workforce, social protection can help prevent discouragement and inactivity, which can have long-term social as well as economic implications. However, a simultaneous increase in social security expenditure and decrease in revenues, brought about by the crisis, may strain the public budget. Turning to privately-run schemes, the financial crisis also affected the amount of savings they managed.

Social security policies have proven to be one essential element in national crisis response. A 2009 ILO survey of country policy responses to the global economic crisis in 54 countries showed that social protection, including providing income support to unemployed workers, supporting employers to retain their staff, and expanding social protection and food security, was the second most frequent policy measure, following stimulating labour demand.[6]

The second ILO survey, called the Inventory of policy responses to the global crisis, was undertaken in collaboration with the World Bank in 2010. While covering a larger number of countries, the Inventory also intends to quantify and assess policy measures using a questionnaire which provides detailed insight and analysis into the policy measures adopted to address the crisis and their impacts. The Inventory was initiated as a

[1] IMF, 2010: *World Economic Outlook*.

[2] *ibid*.

[3] ILO, 2010: *Global Employment Trends* Report.

[4] World Bank, 2011: PovcalNet database.

[5] ILO, 2010: *Global Employment Trends* Report.

[6] ILO, 2009: *Protecting people, promoting jobs*, a survey of country employment and social protection policy responses to the global economic crisis. An ILO report to the G20 Leaders' Summit, Pittsburgh, 24-25 September 2009.

result of a G20 "call upon the ILO, working with other relevant organisations, to assess the actions taken and those required for the future."[7]

The Inventory questionnaire attempts to give quantitative information on measures implemented in response to the crisis on beneficiaries, costs and time frame. The 19 questions on social security measures cover cash and in-kind transfers, contributory and non-contributory social protection schemes, changes in the financing of social security, as well as targeted measures for migrant workers, and irregular and temporary workers. There is also a question on minimum wages, as they "*play(ed) a valuable part in protecting disadvantaged groups of wage earners*"[8] but also because they could "*avoid deflationary wage spirals*"[9] Information was gathered following a standardized online questionnaire designed to capture and categorize the different policy measures adopted. For each policy measure, national consultants were also requested to provide a detailed description on target population (including youth, unemployed people, less-developed regions and low-income households), effectiveness date, new/expanded measure, temporary/permanent, and whether the measure was the result of social dialogue.

This document is an attempt to collect and classify the wealth of policy response information available regarding social protection. Its main contribution is twofold. First, it discusses the Inventory questionnaire and the sample of countries before indentifying trends in social protection policy during the period 2008–2010 in 77 countries. Not all measures recorded in the Inventory were introduced as a crisis response, although many which had been planned before the crisis were later adapted to the new situation. In smaller samples, the paper classifies national initiatives related to four main contingencies: i) sickness and health care; ii) old-age; iii) unemployment; and iv) poverty, according to whether existing social protection schemes did or did not address these risks or contingencies. This classification introduces a logical difference between, for example, extending cash-transfers to new categories of beneficiaries, and introducing a cash-transfer scheme as a crisis response. It also introduces a distinction between measures with an immediate impact on individuals' income levels and aggregate demand and structural changes in the rules of contributory schemes which will affect beneficiaries in the longer run. It, therefore, helps identify social protection policies associated with successful recovery, as well as constraints and opportunities to extend social protection coverage. In addition, it also reviews changes in minimum wage legislation with respect to the food crisis in 2007/08, and later the financial crisis.

This document is structured as follows: section 2 provides an overview of trends of responses compiled in the inventory; section 3 covers the classification exercise; section 4 covers key findings and country-level responses; and section 5 covers the conclusions and recommendations from the Inventory information.

[7] G20 Communiqué, London, 2 April 2009, paragraph 26.

[8] ILO Convention 131 (Minimum Wage Fixing Convention), 1970.

[9] ILO *Global Jobs Pact*, 2009.

2. Overview of country responses

According to the ILO World Social Security Report 2010/11, the concept of social security covers:

> all measures that provide benefits, whether in cash or in kind, to secure protection, inter alia, from i) a lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member; ii) the lack of access or unaffordable access to health care; iii) insufficient family support, particularly for children and adult dependents; iv) general poverty and social exclusion.[10]

This is the definition used in this document, although the paper also reviews changes in the level of minimum wages during the crisis with respect to their potential to avoid deflationary wage spirals, and protect the purchasing power of low-paid workers. Following the definition of social security adopted above, Table 1 gives an overview of the frequency and categories of responses that were identified in the questionnaires within the following areas of interventions (either contingencies or type of scheme):

(1) Unemployment benefit

(2) Pensions

(3) Health care

(4) Social Assistance

(5) Other (including minimum wage, assistance to migrant workers, child and family benefits and housing benefits)

The classification of types of intervention (unemployment, pensions etc.) is exhaustive and gives information on changes for each measure according to elements, such as target population, contributory, non-contributory scheme, coverage, benefits levels, and benefits duration. In addition to this classification exercise, policies were also categorized with respect to country's characteristics, e.g. the existing level of social protection:

(1) **Category 1**: The first response is to expand existing schemes, both in terms of coverage and benefits. This applies to countries that have schemes and have already invested in social protection in the past and have adapted their schemes to meet new challenges, like the financial crisis.

(2) **Category 2**: The second type of response is to introduce new schemes and/or rapid emergency responses and programmes to cushion the immediate effect of the crisis on people. This type is mainly found in countries that have either little social protection infrastructure (like Vietnam in the area of unemployment insurance) or added new features to existing schemes (like Argentina).

(3) **Category 3:** The third type of response is pro-cyclical austerity measures, mostly to balance the public budgets and/or fulfill the conditions of the WB, IMF or EU, for example.

[10] See ILO World Social Security Report 2010/11, *Providing Coverage in times of Crisis and Beyond*, ILO, Geneva.

(4) **Category 4**: The fourth type of response is that schemes exist, but no measures were taken on them. This means that existing schemes are not changed (mostly in high- and middle-income countries). The reason for this might be that there is no political will or they have a built-in flexibility to cushion the impact of a crisis.

(5) **Category 5**: No existing provision before the crisis, and due to financial constraints or absence of political will, no additional measures were adopted, even on a temporary basis.

Table 1 shows that some measures are expected to have an immediate expansionary impact on aggregate demand, in addition to providing income support and reducing poverty of those affected by the crisis. This is the case of immediate changes in entitlements to benefits, such as longer duration of unemployment benefits, increase in cash transfers of social assistance or similar nature or of price subsidies, or increased levels of benefits already in payment whatever they are – unemployment, pensions or any cash payments. Other measures taken during the crisis in the area of social protection will affect only their beneficiaries in the future, such as reforms in contributory schemes regarding notably contribution rules or eligible legal retirement age.

Another important feature also coming from Table 1 is the distinction between measures aimed at different groups of the population. Some measures target the unemployed, while others aimed at stimulating aggregate demand (like those giving additional money to everybody across the board). The focus on protecting the poor – through social assistance measures and food price subsidies is also important. The objective here is to present some examples of measures adopted in various countries classified in broad categories, recognising the fact that a given category may include measures with significantly different objectives. This is the case notably for the "expansionary measures" (first category presented in table 1) which clearly covers some sub-categories of measures aiming at specific objectives such as a reduction in contributions aiming (rightly or not) at stimulating employment and demand for labour and reforms in pension schemes like in Argentina. The scheme had been partially transformed into a defined-contribution scheme administered by privately managed pension fund companies in 1994. The unification of the pension system into a publicly managed defined-benefit scheme in 2007 allowed the flow of salary contributions (1.5 per cent of GDP annually) to be transferred to public revenues.

Table 1: Country-level responses: example of representative countries by main category

Unemployment schemes (contributory and non contributory*)	Pension schemes (contributory and non contributory*)	Health-care scheme (contributory and non contributory*)	Other social security branches other than general social assistance	Social assistance (general)	Public works/ increased public investment in infrastructure
Category 1 : expansion of existing schemes					
Change in eligibility criteria (includes decrease contribution rates for contributory schemes and extension of coverage for all types of programmes)					
Mainly short term impact - Argentina (Support for young people aged 18-24, extension of UI benefit), - Australia (shorter waiting period), - Canada (WEPP), Chile (improved access to the FCS), - China (extent coverage), - France (reintroduction AER, exceptional subsidy of 500 euros (682 USD) for people not eligible for unemployment benefits), - Germany (reduction of contribution; extension of coverage to non regular workers), - Italy (extension and lump-sum for workers on fixed-term contract, accelerated payment procedures), - Japan (extent access to non regular workers; reduced contribution rate), - Latvia (period of contributions), Spain (suppression waiting period, extension of benefit), Sweden (facilitate access to the unemployment insurance fund; individual contribution reduced and tax deductible for employed), - Russia (extension), - Thailand (extension of coverage), - United States (Reform of UI. Unemployment Compensation Modernization Fund to incentivize state governments to change some of the qualifying conditions for unemployment benefits)	**Short term impact** Colombia (increased coverage of assistance programme for the elderly), Germany ("extended pension guarantee); Paraguay (food support for pensioners), Uganda (Reform of public pension scheme	**Short term impact** Ghana (health insurance premium for 28,434 households was paid by the State), India (RSBY health insurance scheme for the informal sector expanded in 2009), Italy (Social Card), Japan (enhancement of medical service for the elderly; in local / remote areas; of H1N1 prevention measures), Malaysia (support for hospices and day care centers), Mali (Medical assistance scheme and health insurance installed in 2009 but planned in 2006), Mexico (seguro popular), Peru (Coverage of health insurance program expanded), Philippines (Expansion of PhilHealth coverage to selected "indigent families"), United States (subsidy for health insurance for unemployed)	Bulgaria (Child benefit and disability benefit), Canada (extension to self employed for maternity and sickness); India (accident insurance scheme – AABY), Japan (Expansion child care services facilities), Rwanda (extension of coverage for health and safety and pregnant women): United Kingdom (new services for lone parents), Uruguay (Reform of the system of family allowance)	**Short term impact** Bangladesh (Extension of cash transfer programs to the needy), Brazil, Cameroon, Colombia (Conditional Cash Transfer program, humanitarian aid to poor households, food support for the elderly), Ecuador, France (RSA), Germany (housing support), Ghana (Expansion of school feeding programme), Guinea (food security), Hungary (crisis fund was established to help families in distress), Indonesia, India (Expanded housing programme), Lesotho (food assistance), Japan (Housing measures), Latvia (Housing benefit), Malaysia (Increase of limits to be eligible for welfare payments. Urban poverty eradication programs including cash and housing allowance. Food and fuel subsidies), Pakistan (BISP expanded), Paraguay, Peru (Juntos expanded, including expansion of a nutrition program for children), Philippines (4Ps), Poland, Romania (increased income threshold for two income tested allowances), Russia (housing) Trinidad and Tobago (TCCTP. Food security)	**Short term impact** Armenia, Bostwana; Brazil, Cameroon, Cape Verde, Chile, Costa Rica, Ecuador, Guinea, India, Kenya; Malaysia; Mexico, Paraguay, Serbia, South Africa, Trinidad and Tobago, Turkey, Uganda, Uruguay (Programme Uruguay Trabaja to employed long-term unemployed in households with low incomes),Viet Nam (public investment on large scale infrastructure projects)

Unemployment schemes (contributory and non contributory*)	Pension schemes (contributory and non contributory*)	Health-care scheme (contributory and non contributory*)	Other social security branches other than general social assistance	Social assistance (general)	Public works/ increased public investment in infrastructure
	Long term impact Argentina (unification of pension schemes), Armenia (Integration of social contribution and personal income tax), Bulgaria (reduction in employee contribution), Cambodia (reduction in contribution); Chile (structural reform planned before the crisis and in the short run, extended access to the non contributory pension), Czech Republic (personal care included as “substitute employment period”), India (Contributory pension scheme targeting low paid workers), Japan (improved management and sustainability), Macedonia (contribution rate being gradually reduced. Malaysia (Malaysia Retirement Scheme for non wage workers to be administered by EPF and subsidized. Tax relieve for voluntary pensioners), Nigeria (proposal to introduce a universal basic pension scheme. Attempts to include the informal sector into Social Security), Uganda (Reform of public pension scheme to make it more efficient), Uruguay (pension reform for easier access),	**Long term impact** Costa Rica (Reform of health insurance – extent duration of coverage), Germany (reduction of contribution rates), Kenya (improve health infrastructure and human resources), Macedonia (moved the responsibility for the provision of free health insurance from the Employment Agency to the Health Insurance Fund)			

Unemployment schemes (contributory and non contributory*)	Pension schemes (contributory and non contributory*)	Health-care scheme (contributory and non contributory*)	Other social security branches other than general social assistance	Social assistance (general)	Other measures
Increase duration (short term impact)					
Argentina, Brazil, Bulgaria (conditioned by training/retraining), Canada, China, Czech Republic, France; Italy; Japan, Latvia, Romania (Maximum duration extended), Thailand, Turkey, United States, Uruguay (under the new scheme)					
Increase level of benefits (short term impact)					
Italy (new allowance), Bulgaria, Chile (Adjustment of benefits for beneficiaries of FCS), China, Czech Republic, Germany (new indexing mechanism for unemployment assistance), India (contributory. The limited scheme for formal sector introduced in 2005 was improved in coverage and benefits in 2008.); Japan (Housing support for unemployed workers), Latvia (Before January 2010), Montenegro, Russia, Thailand, Turkey, United States (temporary Federal Additional Compensation program)	Argentina (Pension increase for the poor), Armenia (Legislative action taken on increasing basic pensions by 20% (in real terms) in 2010), Chile (increase in benefit level of the Pensión Básica Solidaria), Barbados (non-contributory pension), Bulgaria (old-age supplements to pensions), UK (£60 (103 USD) paid to all pensioners in 2008), Cape Verde (non-contributory pension), Costa Rica (non-contributory pension), Italy (bonus for pensioners *Bonus famiglie*), Germany ("extended pension guarantee" to maintain pension level to stabilize domestic demand), Lesotho (raise the value of the Old Age Pension), Russia, Thailand (500-Baht (15 USD) allowances to about 5 million senior citizens); United Kingdom (£60 (103 USD) paid to all pensioners in 2008), United States (A one-time payment to retirees, disabled and social assistance recipients.)	Philippines (Philhealth)	Germany (Child benefit increased and one-time child premium of €100 (136 USD) per child), Russia (state benefits), Trinidad and Tobago (Disability Assistance Grant), UK (Increasing Child Benefit in January 2008), United States (A one-time payment to disabled)	Australia (Lump sum bonus to low and middle income), Chile (special bonus for SUF) beneficiaries), Costa Rica, France (exceptional subsidy for RSA beneficiaries & allocation rentrée scolaire), , Italy (Bonus famiglie), Jamaica, Kenya (Increase in cash transfer programs for children and elderly), Korea; Malaysia (disabled child), Mexico (Opportunidades – food component), Nepal (Increased level of cash transfers to elderly, disabled and minorities), Serbia (Bonus for low wage earners in the public sector in 2010. Support to food shops for the poor), Trinidad and Tobago, United Kingdom (Winter fuel allowance); United States (A one-time payment to social assistance recipients. There was also an increase in funding for subsidies to poor families. Includes food assistance), Viet Nam (New-years one-off hand out to poor families was given in 2009), United States (A one-time payment to social assistance recipients.)	Czech Republic, Guinea and Pakistan (Wage increase public servant), Viet Nam (Support to low income civil servants)

Unemployment schemes (contributory and non contributory*)	**Pension schemes (contributory and non contributory*)**	**Health-care scheme (contributory and non contributory*)**	**Other social security branches other than general social assistance**	**Social assistance (general)**	**Other measures**
Partial unemployment/preservation of existing jobs, training/retraining					
China (measure for new graduates), Barbados (Retraining fund established), Chile (combining access to unemployment insurance benefits to participation in a training program), Italy (expanded, Continuing Vocational Training Funds and supplementary allowance), Mexico, Netherlands (includes Investment in the Young Act (WIJ) also came into effect on 1 October 2009), Poland, United States, Spain					
Category 2 : New schemes				New programmes	
New schemes					
Planned before the crisis Jordan (planned before the crisis "saving accounts"), Viet Nam (Planned before the crisis), Uruguay (A new UI scheme has been introduced in 2009, though it was not response to the crisis.)	Canada (new kind of pension plan), France (minimum retirement pension for all farmers), India (India Gandhi National Widow Pension Scheme, 2009), Uganda (pilot universal old age pension), Panama (Program 100 at 70 for any person who from 70 years does not receive any retirement pension), Romania (A minimum, non-contribution based social pension has been introduced as with March 1st 2009)	Thailand (improved services - Village Health Volunteers)	Argentina (creation of the universal child allowance (AUH)), Cambodia (Employment Injury scheme established in 2008) India (Indira Gandhi National Disability Pension Scheme, 2009)	Bangladesh (food subsidy); Cambodia (A program to identify poor households has been established to prepare CCT. Creation of a social social assistance taskforce. Assistance to Veterans and their Families. Social Relief Operations for poor families) Jamaica (Introduction of a CCT program in 2008 but planned before the crisis), Kenya (including food security), Paraguay (Food pension), Pakistan ("cheap bread" program), Uruguay (A system of food card was introduced to give poor families access to food)	Argentina, Bangladesh; Barbados (micro enterprises), Bulgaria; Canada; Germany (pilot project of public employment in the social sector), Ghana (youth), Ireland, Jamaica, Japan, Kazakhstan, Kenya (youth), Korea(public works + internships for youth and jobs for elderly), Latvia, Lesotho, Mozambique, Nigeria, Pakistan (including special measures for youth), Peru, Philippines, Rwanda, Saudi Arabia,, Sweden, United Kingdom (£3 billion (5 billions of USD) of capital spending to be brought forward from 2010-2011, involving public investment to support infrastructure), United States (The American Recovery and Reinvestment Act of 2009 (ARRA) authorized $80.9 billion in infrastructure spending)

Unemployment schemes (contributory and non contributory*)	**Pension schemes (contributory and non contributory*)**	**Health-care scheme (contributory and non contributory*)**	**Other social security branches other than general social assistance**	**Social assistance (general)**	**Other measures**
Category 3: The third type of response is pro-cyclical austerity measures					
Change in eligibility criteria					
Mainly long term impact Ireland (increased number of contributions and introduction of a higher earnings threshold), Switzerland (increased contribution period required) Ukraine (tightened eligibility for both contributory and non contributory unemployment benefits), United Kingdom (Eligibility criteria tightened and increased contribution rates).	Mainly long term impact Czech Republic (Pre-employment period not counted as contributions for pension), France and Netherlands (increase in pensionable age); Ireland (pension tax), Jamaica (increased contribution base), Hungary (increase in pensionable age)	Mainly long term impact Ireland (increased health levy); Jamaica (Austerity measures – such as expand contribution base — due to financial problems of the fund as consequence of the crisis.)			
Reduced duration of entitlements (short term impact)					
Czech Republic (effective from 01.01.2009, shortened period by 1 month), Ireland (duration of entitlement to Jobseeker's Benefit for new claimants was reduced by 3 month), Switzerland, Serbia		Estonia (sickness)			
Reduced level of benefit (short term impact)					
Hungary (reduced level of benefit for unemployment assistance for those able to work) Ireland (cuts: Jobseeker's Benefit was cut by 4.1 per cent), Latvia (From the 1st January 2010 till the 31st December 2012 the amount of unemployment benefit has been restricted on a temporary basis), Romania (As of July1st 2010, all unemployment benefits will be reduced by 15%), Serbia	Macedonia and Moldova (suspended indexation), Hungary (change in pension formula), Romania (austerity measures in public service)		Germany (decrease in parenting benefit levels starting 2011.)	Czech Republic (Reduction of social assistance benefits for long term unemployed)	

Unemployment schemes (contributory and non contributory*)	**Pension schemes (contributory and non contributory*)**	**Health-care scheme (contributory and non contributory*)**	**Other social security branches other than general social assistance**	**Social assistance (general)**	**Other measures**
Postpone measures of extension of coverage, increased benefit level or duration or cancel					
Estonia (postponed extension of coverage to new categories of workers), Ireland, Ukraine (Lump-sum payment to the registered unemployed who are planning to start their own business suspended)	Hungary (Bonus abolished)		Estonia (paternal leave and allowance for children of school age enrolled in education cancelled)		
Conditionality / "workfare"					
Hungary , United-Kingdom, Ukraine (reduced unemployment assistance benefits for those who are able to work + public work)					

3. Categorization and structure of country responses

In order to get an overview of the responses developed by countries, the policy measures in a sample of 43 countries were put into five categories with the first three categories being the ones reported in table 1:[11]

Table 2: Categories of responses

	Categories				
	Expand existing schemes	New scheme or emergency measures	Pro-cyclical austerity measures	Existence of scheme but no measure taken	No scheme
Unemployment scheme	13	3	5	1	20
Pension scheme	9	1	4	29	0
Health-care scheme	7	1	1	29	5
Social assistance schemes	15	6	3	16	4
Other programmes	29	0	0	14	0

Source: ILO/WB Inventory of policy responses to the crisis, based on the first 43 national questionnaires received.

It can be seen that most countries' responses were either in category 1 or 4, meaning they amended existing systems or already had systems and did not change them.

4. Key findings and country-level responses

Key findings and country-level responses are organized by main area of intervention, and within the categories defined in the previous section: categories 1 and 2 representing the two options for expansionary measures and category 3 referring to countries where an austerity policy was adopted. Some of these measures are discussed in the table below.

In the first two categories of expansionary measures, what most countries did was to adjust features of the existing schemes to extend coverage or benefits provided. As shown in Table 1, the main measures adopted were to change the level or duration of benefits, add new benefits or change eligibility conditions for access to benefits. A minority of countries introduced new schemes.

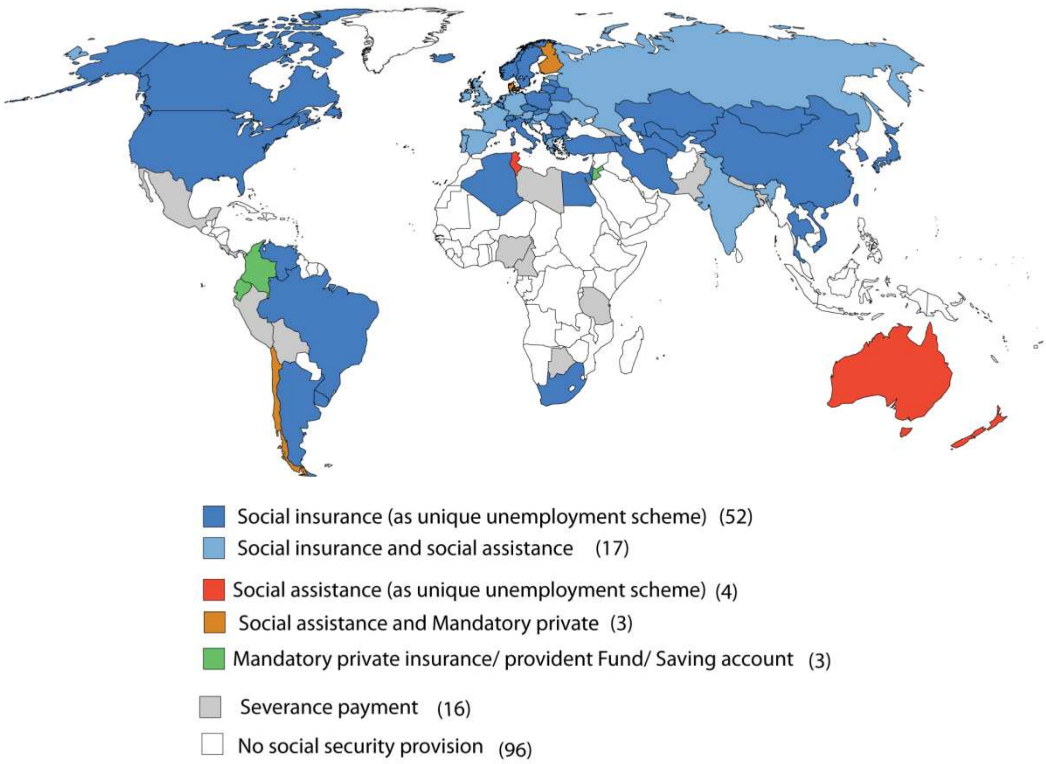
A. Unemployment benefits

The largest policy areas to receive attention during the 2008 crisis were contributory and non-contributory based unemployment benefits. The number of users would be expected to increase in the wake of a crisis as the scheme is designed specifically as a precautionary social insurance measure to be drawn upon in times of unemployment. Such schemes are, in general, the latest to be implemented in the development of a comprehensive system. It is worth noting that worldwide coverage is relatively low when it comes to unemployment benefit. Figure 1 shows both the existence of an unemployment social security provision and the type of unemployment scheme and Table 3 shows the percentage of the unemployed receiving unemployment benefit by region. In 2009/10, of 197 countries studied, statutory unemployment social security schemes

[11] These are the first 43 countries for which information was received.

(excluding severance payments) existed in only 83 countries (42 per cent), often covering only a minority of their labour force and limited to developed countries. A minority of countries (71) have unemployment insurance schemes (source: ILO, ILO social security programmes and mechanisms database).

Figure 1. Existence of unemployment social security provision and type of scheme



Source: ILO/SECSOC Social security programmes and mechanisms database based on Social security programmes throughout the World 2009/2010 and 2011. The number of countries within each category is in parenthesis.

Table 3: Share of unemployed receiving benefits (percentage)

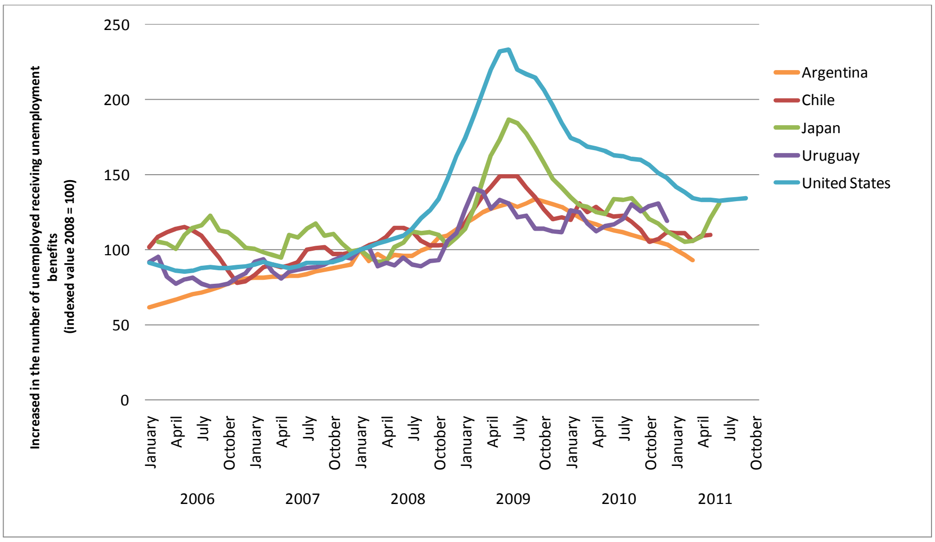
Regional estimates (weighted by EAP)	Number of countries (and percentage) with a statutory unemployment scheme[1]	Share of unemployed receiving benefits		
		Contributory	Non-Contributory	No benefits
Africa	6 *(11.3%)*	0.7	0.0	99.3
Arab States	4 *(30.8%)*	2.2	0.0	97.8
Latin America	10 *(27.8%)*	5.7	0.1	94.2
Asia	12 *(27.9%)*	9.9	0.7	89.4
World	**83** *(42.1%)*	**13.5**	**2.0**	**84.6**
Central and Eastern Europe	14 *(100.0%)*	22.7	1.3	75.7
CIS	10 *(90.9%)*	25.6	0.0	74.4
North America	2 *(100.0%)*	36.8	0.1	63.1
Western Europe	25 *(100.0%)*	44.9	22.8	32.3

[1] Includes social assistance as well as social assistance programmes providing cash periodic benefits in case of unemployment but excludes severance payments (lump-sum).

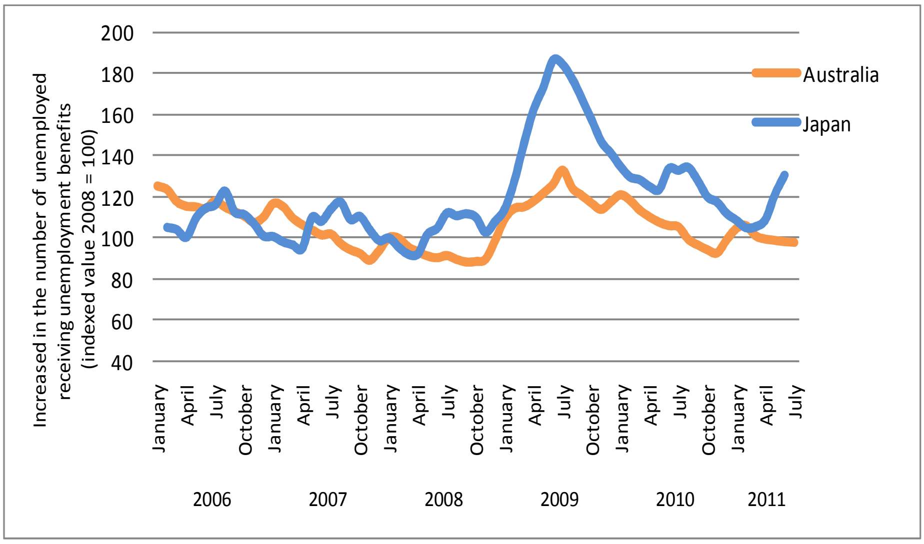
Source: ILO, 2010: World Social Security Report 2010/11: Providing coverage in the time of crisis and beyond. http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceId=15263

Figure 2. Trends in selected countries (indexed value of the number of unemployed receiving unemployment benefits, 2008 = 100)

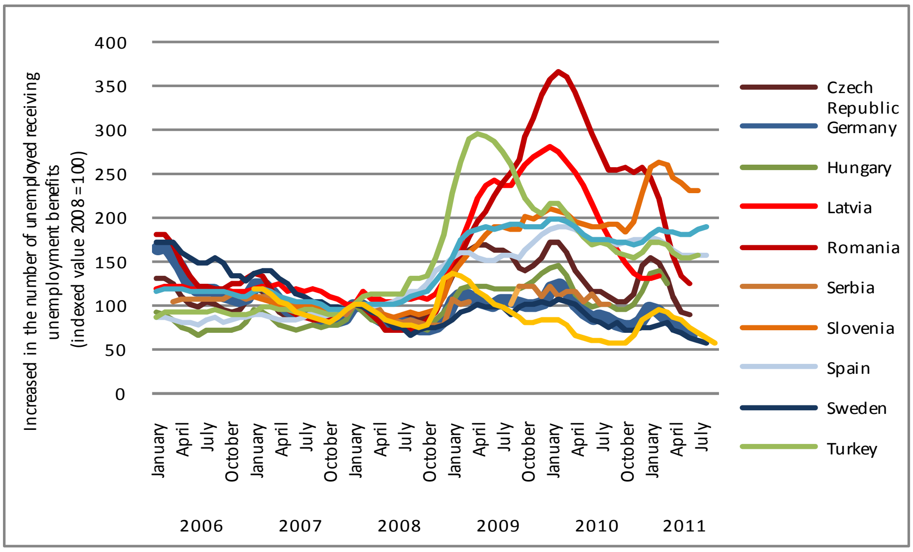
a) In the Americas



b) In Asia



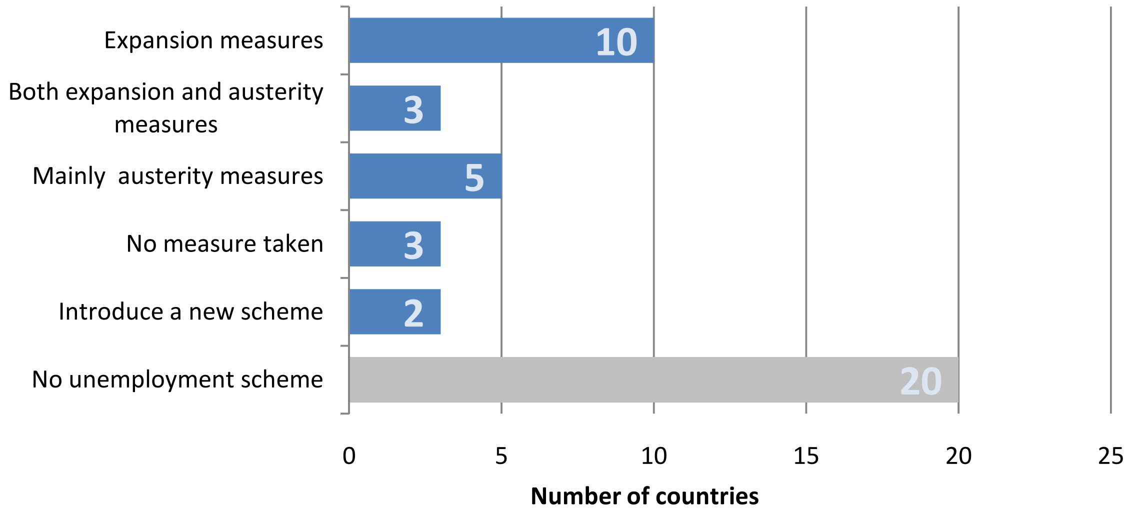
c) In Europe



Sources: National social security unemployment schemes data

Most social protection schemes in the sample of countries were designed to automatically cover more people in times of difficulty and they are naturally utilized by more people (Figures 1–3), cost the government more money and are automatic stabilizers in times of crisis. Even in countries that adopted austerity measures, such as the United Kingdom or Ireland, spending on unemployment benefits automatically rose during the crisis. In the United Kingdom, there was an estimated increase in spending on Jobseekers' Allowance from 0.18 per cent of GDP to 0.3 per cent of GDP between 2006/07 and 2009/10. In Ireland, Jobseeker's Benefit cost 1.04 per cent of GDP in 2009 (full year) against 0.51 per cent of GDP in 2008. Considering countries covered in the Inventory, providing unemployment benefits, a large majority (35 out of the 44) mentioned an increase in spending on unemployment benefits. This is the case in European countries (France, UK, Spain, Serbia or Latvia), in Asia (e.g. Thailand and Vietnam) and Latin America (Argentina or Uruguay).

Figure 3: Distribution of countries by type of measures taken in the area of unemployment



Source: ILO/WB Inventory of policy responses to the crisis, based on the first 43 national questionnaires received.

Category 1. Expansionary measures

Considering the distribution of countries within the five categories in the area of unemployment, it appears that of the 43 countries under study in the first wave of the Inventory, 21 had at least one operational unemployment scheme at the time of the crisis. Of these countries, 13 documented expansionary measures to increase overall coverage or benefits (with three countries indicating both expansionary and austerity measures), whilst five recorded mainly contractionary measures regarding unemployment contributory or non-contributory schemes. These include the United Kingdom which tightened eligibility, whilst Ireland reduced unemployment benefit.

It is noticeable that most countries changing unemployment benefits were from developed economies, in part due to the larger number of unemployment schemes available in the developed world (see Figure 1 and Table 3), but also due to the degree the developed economies and the European Union region suffered increases to unemployment as a result of the crisis (more than any other region worldwide). No African countries registered any change to unemployment benefit. Argentina, Brazil and Uruguay were the only Latin American countries (and, notably, the most developed) to address this issue, while Vietnam and Thailand were the only Asian countries in this category. Vietnam implemented a new unemployment scheme. Thailand adopted measures to broaden access to social security (including unemployment), adjust the level of benefit and increase the maximum duration of benefit payments.

Four main types of measures can be identified, often with the adoption of a combination of them: i) facilitating and extending access to unemployment schemes (either contributory or not); ii) increasing the level of benefit provided; iii) extending the maximum duration of entitlement to unemployment benefit; and iv) facilitating partial unemployment and training/retraining as part of measures adopted to preserve existing jobs.

Facilitate and extend access to existing or new unemployment benefits

Depending on the country, various options have been applied to facilitate and extend access to existing or new unemployment benefits. Some countries adjusted the waiting period by making it shorter (Australia), while others reduced the required period of contributions to be eligible for benefits (Latvia), or the contribution rates. The majority of countries extended coverage to workers previously not covered, such as non-regular workers (Germany and Japan), self-employed, youth (Argentina) or to workers who have exhausted their entitlement to benefits (Spain). In Spain, where the economic crisis on employment hit hard, the government decided to temporarily extend unemployment protection to those who had exhausted their benefits and subsidies and were in need, due to lack of other income, with an allowance of €420 (US$573) for a maximum period of six months. This programme is complemented by implementing measures to promote employability of the affected groups, through their active participation in an insertion path to employment. In that sense it has combined income support with measures to facilitate return to employment and has been subsequently extended.

Increase in the maximum period during which benefits are paid

At least seven of the 13 countries that adopted expansionary measures increased the maximum period during which benefits are paid. Japan adopted a 60-day extension of the period to receive unemployment benefits for those who faced difficulty in being re-employed (taking into consideration place of residence and age). In Latvia, the duration of unemployment benefit disbursement has been increased on a temporary basis (from the 1 July 2009 to 31 December 2011) to nine months for all groups. This duration was previously only available for those with at least 20 years of contributions. In Brazil (not part of the 43 countries), for example, responses to the crisis targeted formal-economy workers in the most crisis-ridden sectors, for whom unemployment benefits have been prolonged by two months. This extension reached around 103,000 people, or 20 per cent of those receiving unemployment benefits. Additionally, those who lack formal income opportunities will be targeted through extended access to the Bolsa Família programme.

Adjustments in benefit levels

Several of the 13 countries increased the level of unemployment benefit, or provided a special one-time payment, usually to low-income households; for example, Australia, France, Indonesia, Italy, Thailand, Vietnam and the United Kingdom. As opposed to permanent measures, such as adjustments in benefit levels, extension of coverage or duration of benefits, these give temporary relief and may also boost aggregate demand if large in scale. However, they do not have a long-term impact on households' income situation.

Some of these benefits, and in particular the extension of the duration of entitlement to benefit, were, in some cases, conditional or closely associated with participating in active labour market measures, such as training or retraining.

Partial unemployment and training/retraining as part of measures adopted to preserve existing jobs

An important set of measures deals with the means to preserve existing jobs and avoid long-term unemployment. These are partial unemployment benefits, also called work-sharing arrangements, which can be combined with training and retraining. These schemes allow workers in enterprises, which due to specified (economic, cyclical, seasonal) condition, have shortened their hours to stay in their employment, while receiving benefits. The loss of income from working fewer hours is partly compensated (typically 50–70 per cent) by the unemployment scheme, the state budget or a combination of both. Work-sharing arrangements aim at preventing the loss of skills and the discouragement of workers, which may occur when they become fully unemployed (ILO, World Social Security Report, 2010). Partial unemployment is one means of lessening the impact from loss of skills and discouragement of workers that can occur when workers are laid off following a temporary drop in demand.

Partial unemployment benefits are also being added to existing unemployment benefit schemes or being extended in countries such as Poland and Turkey. In some cases this is a condition of eligibility for a longer period of benefits, as in Bulgaria or the United States, where an additional 26 weeks of unemployment compensation is paid to individuals who have exhausted their benefits, but are enrolled and making satisfactory progress in certain training programmes.

Box 1: Partial unemployment

The Netherlands introduced the extended opportunity for part-time unemployment benefit (WW) on 1 April 2009. Employers are given the opportunity of reducing the number of working hours by a maximum of 50 per cent, during which period the employees receive unemployment benefit for the hours not worked. The obligations in the Unemployment Benefits Act regarding reintegration back to work and the period of notice do not apply. The scheme initially is applied for a maximum of three months after initial application, although it can be extended twice, for six months at the maximum each time. More than 100,000 workers took advantage of the shorter working hours and part-time unemployment. These arrangements have significantly contributed to limiting the rise in unemployment. This scheme stopped in July 2011.

Poland introduced unemployment benefits for workers whose hours have been reduced. This applies to the reduction of working time up to half of the full working time and no longer than six months in enterprises with temporary financial troubles. Funding comes from a Guaranteed Employee Benefits Fund and may top 70 per cent of unemployment benefit. The objective is preservation of existing jobs. This measure was included in an “Anti-crisis package” that was created as a result of social dialogue.

Besides extending the access to full or partial unemployment benefits, some countries have introduced new training facilities. For example, in Bulgaria, the unemployed who voluntarily take up vocational training opportunities get an extension of benefits for three months.

In Barbados a Retraining Fund of BDS$10 million (US$5 million) was established in 2010. This sum was to be taken from the Unemployment Fund. The objective was to give eligible unemployed persons an opportunity to strengthen their employability in anticipation of new job opportunities that will become available at the end of the crisis.

Budget

In terms of GDP, the increased in spending on unemployment benefits (*passive policies*) was much larger than the increase in spending on active labour market policies (Table 4).

Table 4: Spending on active and passive labour market policies, as a percentage of GDP

Countries	Active labour market policies		Unemployment benefits	
	2008	2009	2008	2009
Estonia	.11	.17	.1	.6
Latvia	.13	.47	.35	1.05
Macedonia	.28	.21	.37	.42

Source: ILO and WB Inventory of policy responses to the crisis, and World Bank

Category 2. Introduction of new schemes

Two countries introduced unemployment insurance schemes during the crisis period: Vietnam and Uruguay. However, it is worth noting that, in both cases, these were planned prior to the crisis and were not an immediate policy response to it. In Uruguay, a specific measure of protection for the unemployed to help them cope with the global economic crisis, known as the new Law on unemployment insurance (Law 18 399) that entered into force on 1 February 2009 was adapted to the crisis situation. It was, however, not implemented. The changes included a focus on the most vulnerable groups, greater flexibility and ease of access conditions, in addition to some changes in the level and duration of subsidy and special rules for older workers aged 50.

Box 2: Vietnam Unemployment Insurance

The unemployment scheme was introduced at the beginning of 2009. Unemployment insurance is limited to workers in formal enterprises of more than ten workers. The present coverage is around 10 per cent of the working age population (13 per cent of the labour force compared to 18 per cent for other social security branches delivered by the compulsory social insurance). Total financing represented 0.3 per cent of GDP in 2010 (one-third comes from the Government; two-thirds from contributions from employees and enterprises). As per the 2006 Vietnam Social Security Law, payments of unemployment benefits, if any, could start only at the beginning of 2010, i.e. only after 12 months from the first contribution. The economy had started to recover in the third quarter of 2009 prompting the government's exit from the stimulus package towards the end of that year. The scheme has received some criticism for covering those who quit their jobs voluntarily. There has been an argument (see ILO's Six Month Review Report on the Implementation of the Vietnamese Unemployment Insurance Programme, July 2010) that the scheme in Vietnam made workers more ready to quit their jobs than the otherwise "lump-sum rule"; the scheme not only provides benefits to workers who are fired, but also provides benefits to those who quit voluntarily and even to those who rapidly find new employment or return to their former employer after a short break or vacation. This rule has profoundly modified the relationship between employees and their jobs, by contributing to increased volatility of the workforce. Another problem that was identified in recent surveys (source: Viet Nam Academy of Social Sciences. 2009. "Rapid Impact Monitoring of the Global Economic Crisis in Viet Nam") is that the Vietnam Social Security often cannot process a firm's filing of termination of employment within the 15 days required by law to enable the laid-off workers to get unemployment and other benefits, including health insurance, retraining and job-search support.

Source: Viet Nam Academy of Social Sciences, 2011: *Employment and Social Protection in Viet Nam*, ILO, Hanoi.

In 2009, Argentina introduced a non-contributory social protection system targeting children and youth from unemployed households and those where adults work in the informal economy. This measure, called the Universal Social Protection Allowance for Child (UAH), could not be defined as part of unemployment benefits systems and was not classified as such in Figure 3, although it did provide additional social protection to households. The UAH was a cash transfer allowance, subject to health checks and school attendance. Its main innovation was to extend social assistance coverage to the unemployed and informal workers. As a result of this measure, coverage of children by cash transfers increased from 37 per cent in 1997 to 83 per cent in 2010, thereby decreasing poverty and income inequality.[12]

Category 3. Austerity measures

Austerity measures were reported in a small number of countries among the 43, and additional examples taken from the extended Inventory (Box 3). The argument to support these measures was the long-term viability of unemployment insurance and the prevention of debt accumulation. The main measures adopted were: the increase in the number of contributions required for entitlement to unemployment (Ireland, UK); a

Box 3: Examples of austerity measures

Ireland increased the number of weeks of social insurance contributions required for entitlement to unemployment benefit (from 52 to 104) and a higher earnings threshold was introduced. Persons with weekly earnings below a certain threshold are not eligible for benefits. By increasing this threshold, the reform excluded more low-paid workers. Ireland halved its unemployment benefit for jobseekers under the age of 20, introduced a pension levy of 1 per cent across all wage earners and announced a freeze in welfare expenditure for at least two years.

In addition, the duration of entitlement to Jobseeker’s Benefit for new claimants was reduced by three months and some unemployment benefits were effectively cut in the April 2009 Supplementary Budget by the cancellation of the scheduled Christmas bonus payment – an additional week’s payment given in December.

In the Czech Republic, as part of the “austerity package”, the maximum duration of unemployment benefit (the support period) was reduced by one month.

The measures that came into force in 2011 in Switzerland reduced the generosity of unemployment benefits through a set of adopted changes. The duration of entitlement to unemployment benefits is reduced from 18 to 12 months and less for specific groups such as school leavers or after pregnancy or illness. The expected annual reduction amounts to 265 million Swiss francs (CHF) (US$240 million). In addition, the waiting period is extended from (normally) five days to up to one month for the unemployed without children, depending on the level of earnings (CHF43 million/US$39 million). For school leavers the waiting period is generally 120 days (CHF75 million/US$68 million).

In Hungary restrictive changes were implemented in non-contributory unemployment assistance (UA) for individuals considered "able to work". For this group of beneficiaries the benefit level was flattened (a reduction of 60 per cent at the benefit ceiling) and the work test extended to 90 days of public works a year paid at least at the minimum wage. Due to a further restriction, only one long-term unemployed person per household may receive unemployment assistance.

In Romania, as of 1 July 2010, all unemployment benefits were reduced by 15 per cent.

In Serbia, the new Law on Employment and Unemployment Insurance, adopted in May 2009, decreased the levels of unemployment benefit. According to the new Law, the unemployment benefit amount equals 50 per cent of the average salary or wage of the unemployed person in the last six months prior to the month in which their employment contract was terminated. The new Law on Employment and Unemployment Insurance also decreased the period during which benefits are paid.

[12] ILO and OECD, 2011: *G20 Country Policy Briefs, Argentina*.

reduction in the duration of entitlement to benefits (Czech Republic, Serbia); a reduction in the level of benefit (Romania, Serbia); the suppression of additional benefits (Christmas bonus payment in Ireland); the suspension and cancelation of planned reforms of extension or some required conditionality such as participation in training programmes or capacity test (UK).

B. Health protection/health-care policies

Revisions to health-care policy were less prevalent than employment-related measures during the crisis, with a total of 14 countries recording changes. These include measures specifically targeting the poor and other measures that protect the unemployed from losing their access to health care. Ghana provided state support towards health-care premiums for the poorest of the population by paying the health insurance premium for 28,434 households in addition to the subsistence allowance received by them. India expanded a health-care insurance scheme for the informal sector and Below Poverty Line (BPL) families. Japan increased medical services for the elderly and those in remote areas. In the Philippines, PhilHealth provides health insurance for around 66 per cent of the population (coverage for formal workers is almost 100 per cent; and 50 per cent for informal workers). The scheme was mandated to increase its coverage and improve members' benefits in response to the global crisis. The gradual implementation of the planned 35 per cent increase of benefits package began and coverage was extended with the help of Local Government Units providing funding for insurance premiums of selected "indigent families". The Government of Trinidad and Tobago has increased the Public Assistance Grants designed to provide financial aid to adults who are unable to work because of ill health.

Where access to health care and health insurance is linked to employment, workers who become unemployed (and their families) not only lose their jobs, and thus their sources of income, but simultaneously they lose affordable health services when they need them. Measures that protect the unemployed from losing access to health care and other social services or benefits are, thus, crucial, but often forgotten, elements of the design of any scheme providing protection to those affected by unemployment. In the course of the crisis, some of the countries have addressed this particular issue, notably the United States, by supporting the unemployed with health-care insurance.

Jamaica was one of the few countries to document contractionary measures related to health-care insurance, noting the need for austerity measures in the face of financial constraints as a result of the crisis. At the same time, an increase in spending by at least 25 per cent in the financial year 2010–2011 (0.3 per cent of GDP) on targeted social assistance programmes was planned, including some health components (the school feeding programme and the Programme of Advancement through Health and Education (PATH)).

Mali was the only country which implemented a new health-care scheme in 2009. However, this move had been planned since 2006 and so should not be recognized as a direct policy response to the crisis.

C. Pensions

Another social security area, where there were a number of revisions, was pensions. Changes were almost universally expansionary with 14 countries increasing benefits, or lowering the level of contributions, widening the scope of eligibility for benefits to previously uncovered groups, sometimes through significant structural reforms.

Several countries adopted reforms, often not as a direct response to the present crisis, but with a view to increasing coverage and/or improving effectiveness and efficiency (reform of the public pension scheme in Uganda to make it more efficient). Among structural reforms, Argentina, Chile, Colombia, Malaysia, and Nigeria can be mentioned. The Government of Argentina launched a wide-ranging stimulus package, ranging from major structural reforms, such as the re-nationalization of the pension system and reductions in social security contributions. Chile also adopted earlier than originally planned some of the measures of a structural reform planned before the crisis establishing a solidarity pension system that benefits to those who, for various reasons fail to save enough to finance a decent pension. The objective for many countries was clearly to extend coverage to the uncovered, in particular workers in the informal economy and the poor. As an example, the Government of Malaysia established the 1Malaysia Retirement Saving Scheme to be administered by the Employees Provident Fund (EPF) to help the self-employed cope with income inadequacy during retirement. Through this scheme, they will be able to contribute voluntarily according to affordability with, for a period of five years, a government contribution of 5 per cent. Nigeria made a proposal to introduce a universal basic pension scheme with an attempt to include the informal sector in the social security system, while Colombia increased the coverage of the assistance programme for the elderly.

Several countries increased the level of pension benefits, in particular for non-contributory pensions targeting the poor. Several examples of increases in the benefit level of non-contributory pension were reported in the Inventory (Barbados, Cape Verde, Costa Rica, Lesotho or Russia). Some other countries, notably developed, provided, as an immediate and temporary measure, a supplementary one-time, or at least temporary, benefit to the elderly, sometimes in kind (food support to pensioners in Paraguay). Among the countries which such measures are Bulgaria (old-age supplements to pensions), the UK (£60 (US$103) paid to all pensioners in 2008), Italy (bonus for pensioners “Bonus famiglie”), Germany (“extended pension guarantee” to maintain pension level to stabilize domestic demand), Thailand (distribution of Baht (THB) 500 (US$7.2) allowances to about 5 million senior citizens for a period of six months) and the United States with a one-time payment to retirees, disabled and social assistance recipients.

Ireland and Jamaica both recorded contractionary pension policy measures following the implementation of austerity measures. Jamaica also took steps to address the gender difference in the pension age.

D. General social assistance programmes

Cash transfer schemes were frequently documented in the Inventory. In an effort to mitigate the effects of the economic crisis, the Brazilian Government reiterated its commitment to the Bolsa Família (a conditional income transfer programme) and announced, in early 2009, its extension to 1.8 million families, bringing the total of beneficiaries to 12 million.[13] Eligibility for benefits was increased from a monthly income of Real (BRL) 120 to BRL140 (US$78) and benefits were increased by close to 10 per cent, with the average benefit reaching BRL95 per month (US$53). The cost of the measure is estimated at BRL410 million, or approximately 0.014 per cent of GDP, bringing the total cost of the programme to BRL11.8 billion or 0.4 per cent of GDP. In fact, these measures had been planned before the contagion effect of the crisis, but were implemented more quickly due to its effect. Brazil is one example of crisis-affected countries in Asian and Latin America which had introduced new measures or extended the coverage of their social protection systems after financial crises of the 1990s.[14] These schemes, notably unemployment benefits systems and cash transfers systems could have been adapted and were scaled up during the 2008 crisis.

In Bangladesh, the government has expanded the cash transfer programme for the well-being of the financially insolvent disabled, poor lactating mothers, orphan students, disabled students and those affected by disaster.

In addition, a policy response that featured frequently, and which can be classified as non-contributory social security, was social assistance in the form of support or provision of food, energy and other essentials. This was recorded in 16 countries; the food price spikes seeing school feeding programmes implemented or expanded in Ghana and Colombia, food subsidies for the elderly expanded in Colombia, and a “cheap bread” programme implemented in Pakistan. Fluctuating energy prices saw increases in energy aid in Turkey, and subsidies for heating in Hungary. Mali implemented a tax reduction on all essential goods imported and Cameroon also implemented concessions on imports of essential goods.

According to results from the ILO/WB Inventory on ten African economies, presented in another paper, food subsidies represented .3 per cent of GDP in 2008 in Cameroon; while in Egypt the package to cushion the effects of food and fuel crisis amounted to .6 per cent of GDP in 2007; and 1.03 per cent of GDP in Kenya. Fiscal packages adopted to deal with the impact of the financial crisis represented on average 2 per cent of GDP in 2008–2009 in these countries.[15]

A few new social assistance schemes were introduced in the year of the crisis, for example the Conditional Cash Transfer (CCT) programme in Jamaica.

[13] http://www.mds.gov.br/bolsafamilia/bolsa-familia.

[14] For example, Korea extended public works which generated 440, 000 jobs in 1998 and 1.2 million jobs in 1999, while Thailand and Indonesia re-introduced public works which had been phased out (Betcherman and Islam, 2001). In addition, support to self-employment and enterprise development was also introduced. Other measures commonly adopted during past crises included the creation of funds to guarantee severance pay, while retrenched workers were often allowed to withdraw savings from state-run provident funds.

[15] Saget, C. and Yao, J.F., 2011: *The impact of the crisis on 10 African labour markets in 2008-2010. Results of the ILO/World Bank policy inventory*, Employment Working Paper No. 100, ILO, Geneva.

E. Other support to the unemployed

As an alternative, or complement to measures adopted regarding existing unemployment schemes, countries adopted some measures to promote employment opportunities for the unemployed or working poor (public works programmes, projects for micro enterprise creation). Some of the measures go beyond the strict scope of social protection and some others advise caution regarding their social protection dimension, notably public works programmes. Such schemes are often praised for their “self-targeting”, as the low remuneration they provide attracts only those in dire need. With respect to targeting, they may, therefore, be easier to implement where social security infrastructure and expertise are limited. Public works are therefore a valuable option for countries with little developed social protection systems, wanting to give additional protection rapidly. However, their ad hoc character often prevents them from delivering sustainable and reliable support to those in need in the form of adequate income, and often they also indirectly exclude the more vulnerable, and women. The India Mahatma Gandhi National Rural Employment Guarantee Act is, in this respect, one of the exceptions as it makes the government legally accountable for providing limited employment to those who ask for it and thereby goes beyond providing a social safety net by guaranteeing the right to employment. This scheme provides for quotas for women.

Public works

The extension of public employment schemes, or the creation of new ones, is the most common form of response in middle-income and some low-income countries. But not exclusively, as it was also widely used in high-income countries in addition, or as an alternative, to direct changes adopted for the unemployment schemes. Since such schemes often have an ad hoc character they may be implemented quicker than social security schemes, and discontinued once the crisis is over.

Of the 43 countries covered by the preliminary Inventory, a total of 34 implemented new or expanded existing public works programmes or wider public sector job-creation programmes, including 17 of the 20 countries with no unemployment scheme and four of the five countries that had adopted austerity measures. Such measures provide certain forms of paid employment to beneficiaries. Such beneficiaries may still, however, need income transfers in addition to what they earn from this, usually, very low-paid work. They also need linked benefits (access to other forms of social insurance such as health or pensions) and – since public works are temporary solutions – they need to be assisted with employability-enhancing measures as well (sometimes one of the objectives of the public works programme). The Philippines provides an example. All government departments and offices have been directed to mobilize available resources, at the level of at least 1.5 per cent of their operating budgets, for emergency job creation under the pro-poor Comprehensive Livelihood and Emergency Employment Programme (CLEEP). As of 8 May 2009, 99,967 person-days were created through the various programmes being implemented by the various agencies involved with CLEEP and efforts were then reinforced to create another 700,000 before the end of the year. The total cost of projects implemented is PHP1,374 billion (US$30 million).

Most countries that took action with respect to public works belong to category 1 (increased spending on existing schemes), and represent all regions of the world. As an exception, Latvia established a new scheme of public works.

Some examples of alternative measures for the unemployed in countries with no unemployment schemes have been reported in the Inventory. These include: the support from the Cambodian Ministry of Labour to help people find employment abroad; employment creation through micro projects in Cameroon; the Youth in Modern

Agriculture initiative in Ghana; or the ability for unemployed in Peru and the Philippines to apply for early retirement, if they have been members of the pension scheme.

F. Countries where no measures were adopted

A high number of countries did not have schemes, and also did not implement any during the crisis (category 5 of Table 2). This is especially true for unemployment schemes and for developing countries (Annex VI). Based on the Inventory of the 43 countries, a total of 20 do not have an unemployment scheme, either contributory or non-contributory. Many of them have expanded some widely defined social assistance or, if even those are not in place, have taken ad hoc cash transfers and other measures. A majority of those countries (17 out of 20) have implemented or expanded public works programmes or other specific measures in direct relation with employment creation, such as job creation through micro-projects (Cameroon) or helping jobseekers to find employment abroad (Cambodia).

For other social security branches, starting with pensions, some pension schemes exist in most countries, if not all countries, but with respect to developing countries, often covering only a minority of the population. One country declared the absence of a pension scheme (Cambodia) even though a scheme exists, but targets only public-sector employees. The National Social Security Fund (NSSF), established in 2008, is set to provide, by 2012, all private-sector employees of firms with more than eight employees with pension benefits (as well as employment injury and health).

Four countries recorded an absence of any public health scheme altogether (Bangladesh, Cambodia, Tanzania and Uganda). In two countries, the health insurance system was almost non-existent and there are no other effective alternative public health provisions. In Tanzania, according to the latest DHS survey,[16] less than 1 per cent of respondents report having health insurance through social security institutions, 4 per cent of women and 3 per cent of men are covered by private health insurance through their employers, and 2 per cent of women and 3 per cent of men have mutual health organization or community-based insurance. In total, 94 per cent of women and 93 per cent of men (aged 15–49) do not have health insurance. The corresponding proportions of the population covered in the three other countries are not significantly different with, however, a slightly higher coverage rate reported in Cambodia.

Finally, no information on social assistance schemes was recorded for three countries (Cameroon, Rwanda and Tanzania), even though some form of social assistance programmes exist there. However, the availability of measures for crisis response is certainly limited in these countries.

More generally, in most low-income countries, comprehensive social security systems are not in place and even social assistance, which could provide income support to the unemployed or underemployed working-age poor population, is very limited. Thus, countries like Bangladesh, Cambodia, Tanzania and Uganda are categorized as countries where there are, for example, no pension or health insurance schemes, though there may be some rudimentary services. In any case, if there are very limited or no schemes in a country, the only choice they have, in terms of policy response, is either to introduce a scheme or to refrain from policy measures in this area.

[16] Tanzania: DHS, 2010 - Final Report (http://www.measuredhs.com/publications/publication-FR243-DHS-Final-Reports.cfm).

Interestingly, but not surprisingly, the number of countries that made no changes to their existing schemes (as far as they mentioned the schemes in the questionnaire) is very small in the field of unemployment insurance and large in most of the other schemes (category 4). This may be an indication that countries either had no scheme at all or, if they had one, this was the primary objective to policy changes as a response to the crisis. Some countries explicitly reported that they had social assistance schemes and that expenditure had increased significantly, but the schemes were not changed.

Our categorization exercise has limits. Even if countries have schemes, a reserve is needed, especially in developing countries. Many countries had, for example, pension schemes, but only for a small share of the population, mostly public servants or employees of large enterprises. Therefore, policy measures only covered a small part of the population. In other words, many countries have social protection schemes (pension, health, social assistance) but, especially in developing countries, these schemes only cover a small segment of the population. These findings are supported by international assessments such as the ADB Social Protection Index for Asia.[17]

This approach, therefore, has limits as, even if a country meets a policy category, it does not reflect the scale or the degree to which something changes. Measures expanding benefits and coverage can be found everywhere: in high-, medium- and low-income countries. The difference is, of course, in the scale of impact of such measures. In countries where coverage is comprehensive, the expected impact of these changes is significant, not only on individual income levels of recipients covered, but also on overall aggregate demand. Whereas, in countries where coverage is limited to those in the small formal economy, the impact may be important from the point of view of effective protection of those covered, but less from that of aggregate demand. For instance, the reform of public pension schemes in Uganda may not be of the same scale as expansionary pension measures in Uruguay.

G. Financing social security

From the mid-1990s onwards, many European countries have cut employer's social security contributions as a mean to increase the demand for low-paid workers.[18] During the recession, similar cuts were introduced or extended to protect enterprises cash flows and investment levels, and reduce labour costs in many countries. Out of 77 countries in the Inventory, 25 countries decreased their social security contributions during the crisis (Annex 3). These include 9 countries on a permanent basis (Germany, Sweden, Hungary, Poland, Czech Republic, Spain, Macedonia, and Turkey, Colombia), and the rest on a temporary basis (between 5 months and 24 months).

For 13 countries (Thailand, Canada, Germany, Sweden, Hungary, Czech Republic, Bulgaria, Peru, Mexico, Macedonia, Turkey, Estonia, and Latvia) the decrease in social security contributions was across the board, e.g. for all employees or all newly hired employees. For 11 countries the decrease was targeted to long-term jobseekers (Romania, Spain, Sweden, USA), SMEs (Colombia, France, Poland,) youth (Spain, Sweden), older workers (Italy and Spain), sector-specific (textile in Cambodia), enterprise-specific (China), jobseekers with family responsibility (Spain), low-paid workers (Czech Republic).

[17] See Weber, Wood and Baulch, 2008: *Social Protection Index for Committed Poverty Reduction*.

[18] OECD: *Employment Outlook* 2007.

For 6 countries, including Bulgaria, Czech Republic, Hungary, Macedonia, Germany, and Turkey, the decrease in social security contributions was both permanent, and untargeted.

Social security cuts for a large share of the working population, and on a long term basis raise the issue of financing benefits in a context of demographic change bringing about a growing number of pensioners and increasing health expenditures (see the last column of Annex 3 showing the costs of these measures).

Strategies to deal with the financing issue include reducing access to benefits, such as the introduction of a 3-day waiting period for sick leave benefits in the Czech Republic. Hungary the 13th-month pension and the 13th-month salary have been scrapped; the duration of paid parental leave has been reduced; and future pension increases will be indexed to GDP growth and inflation rather than wages and inflation. Latvia has announced cuts in the unemployment benefit scheme, where benefits decrease more quickly than originally foreseen; pensions for working pensioners decrease by 70 per cent; family allowances are down by 10 per cent; pre-retirement pensions decrease from 80 per cent of the full benefit to 50 per cent; retirement pensions and length-of-service pensions decrease by 10 per cent overall; parental benefits reduce by 50 per cent for working parents; and the number of health centers will be halved and preparatory classes abolished. Ukraine has tightened eligibility conditions for the unemployment scheme, with the effect that the number of registered unemployed has decreased by 17 per cent compared to the previous year; at the same time the level of contributions and contributors has widened, although whether benefit levels have been affected is difficult to assess, such as the act of reducing unemployment benefits as recorded in Serbia.

However, for the most part, the reduction in social security contribution is covered by the State budget rather than the decrease in benefits, thereby ensuring that there is no impact on social security receipts. In turn, subsidizing employers' social security contributions raises the public debt. In the long term, the need to keep public debt under acceptable levels could put pressure to decrease benefits.

Turning to the impact on growth and employment, cutting non-wage labour costs could have only short-term effects on the employment levels, if these costs are covered by the state and later compensated through tax increases.[19] In the end, and depending on the wage bargaining system, higher tax rates tend to be compensated with higher levels of wages.[20] The replacement of taxes on (formal) labour with taxes on consumers also raises issues of equity, especially in countries with high informality and high inequality.[21] In addition, financing social security through general revenue instead of through contributions provides no source of income for the social protection scheme and consequently for the pension system, making benefit levels subject to annual budget decisions.[22]

Therefore these subsidies are more efficient when they are targeted on specific groups of workers at risk of unemployment or exclusion from the labour market; and

[19] OECD: *Employment Outlook* 2003.

[20] Nickell and Layard, 1999.

[21] European Commission, 2006.

[22] Cichon et al., 2004 and ILO: *World Social Security Report*, 2010.

when they are complemented by other labour demand-side measures, and training incentives. Their long-term effect on growth and employment should be evaluated. In a similar fashion, the use of Unemployment Insurance Fund to finance extended public employment services raises the issue of long term sustainability of the Fund, as both employers and workers could start questioning their contributions' level. In the crisis context, however this scheme could provide employment services to new categories of workers.

Box 4. Supporting employment through reduced social security contributions in Turkey[a]

In addition to stability-oriented macroeconomic policy, targeted measures to reduce non-wage labour costs introduced in the 200s have encouraged the recruitment of workers, increased employment outside agriculture and helped reduce informality. These have included: a general reduction of social security contributions; targeted reductions for hiring youth, women and long-term unemployed; reductions for workers involved in training and research and development; and significant social security and corporate and VAT tax reductions for enterprises investing in less developed regions. These cuts have been offset through public transfers to social security institutions.

Across-the-board cuts

In October 2008, employer social security contributions for disability, old age and death were reduced from 19.5 per cent to 14.5 per cent of gross wages. Employers found to have employed workers not registered with social security are not entitled to this reduction. As the 5 percentage point gap is covered by the Treasury, there is no impact on social security receipts. Some 5.5 million workers were covered by this measure in 2009, rising to 6.4 million workers by end 2010, at a cost of about €25 per month per worker. The total cost for the central administration budget was 3.3 billion Turkish lira (TRY) (€1.4 billion) in 2009 and TRY4.1 billion (€1.8 billion) in 2010.

More job opportunities for women, youth and the long-term unemployed

In an effort to encourage the hiring and retention of women and youth, the employer share of social security contributions for women and youth (aged 18-29) recruited between May 2008 and May 2010 has been covered for a period of five years by the Unemployment Insurance Fund (UIF). Starting at 100 per cent the first year, the subsidy gradually decreases to 20 per cent in the fifth. In order to benefit, the employer must have recruited women and youth who were registered as unemployed for at least six months. This measure appears to have had a rapid impact: 61,615 new jobs were created in 2009, including 31,482 for women, and 63,230 were created in 2010, including 33,395 for women. The cost was TRY81 million (€38 million) in 2009 and TRY137 million (€63.4 million) in 2010.

In addition, employer social security contributions for all new employees who were unemployed for at least three months prior to their hiring were also covered the UIF for a period of 6 months, as long as the additional worker represented an increase to the enterprise's workforce level as of April 2009. In 2009, 64,505 workers benefitted from this programme, rising to 76,144 in 2010. Social security contributions for employees hired while receiving unemployment insurance payments are also paid by the UIF for the remaining months of their benefit period. Again, in order to be eligible for the subsidy, new hires must have represented an increase in the recipient enterprise's workforce as of April 2009.

Several other new social security reductions incentive programmes to increase employment have also been implemented with new conditions and benefit periods for the employer that vary between 6 and 54 months depending on the ages, status and qualifications levels of the employee.

A boost to vocational training and research

Training and research have been targeted as well. For example, employers who provide vocational education to their staff benefit from lower social security contributions, and employers who hire workers in the fields of technology and research and development are reimbursed half of their social security contributions for five years. In February 2011, 21,647 research workers were employed under this scheme, an increase of 150 per cent compared with 2008.

Incentives for less developed regions

Non-wage labour cost reduction measures to encourage investment in less developed regions have been in place for several years. Employer social security contribution cuts were first offered in 2004 to enterprises in the textile, clothing and leather sectors in developed regions that were willing to shift activities to less developed regions. Since 2007, these regional incentives have been available in all sectors and no longer require transfer of activities from more developed regions. Originally planned to be phased out in 2009, these measures were extended in 2010 in response to the crisis.

In this scheme, social security contributions for current and newly recruited workers are covered by the State for an average of five years, while corporate tax is reduced from 20 per cent to 5 per cent for five years. Interest rates on loans are also subsidized, and businesses receive value added tax and customs duty exemptions for the procurement of machinery and equipment. The exact duration of social security exemptions depends on the level of regional development: two years in "first category" underdeveloped regions increasing to seven years in "fourth category" regions. A total of 626,649 workers were employed under these regional incentives in 2009, 722,891 in 2010 and 730,000 in the first two months of 2011 (17 per cent of total manufacturing employment in Turkey). The total cost for the central budget was 741 million TRY (€322 million) in 2009 and 926 million TRY (€402 million) in 2010.

Turning to the effect of these measures, they have coincided with a reduction of informal employment, and an increase in manufacturing employment for women. Informal employment, defined as employment of workers not registered with any social security institution, declined from 52.9 per cent of total employment in 2001 to 43.5 per cent in 2008, although it subsequently increased to 44.8 per cent in 2010. Women's share in total manufacturing employment rose to 22.5 per cent in 2010 from 21.8 per cent in 2009. Further analysis of the long-term effects on the budget deficit, benefits levels, employment and aggregate demand is needed to examine the effects of these trade-offs in the Turkish case.

[a] This is based on the Catherine Saget's contribution in the joint publication: ILO and OECD (2011) *Turkey G20 Country Policy Brief*, itself based on the inventory of policy responses to the crisis.

H. Minimum wage

One concern, which has emerged during the crisis, as failing business enterprises and rising unemployment rates placed downward pressures on nominal wages, related to the macroeconomic effect of falling wages. While much of the past research on wage policy focused on the effects of wage institutions and regulations on firm-level or industry-level employment, an important question concerns the link between the level of wages in a country and its aggregate demand for goods and services. While a country's low wages relative to its productivity may help to boost its exports and encourage investment to a certain extent, low wages depress household consumption. This raises the possibility that declining wages in periods of crisis may lead to a spiral of falling aggregate demand and price deflation, rather than to a quicker economic recovery. Two historical examples include Japan during 1994–2004, when wage and price deflation led to a protracted recession and monetary policy impotence, and the Great Depression, when prices in the United States fell by nearly 10 per cent in 1932.[23] Moving to the side effects of the financial crisis in Latin America in the early 1980s, the purchasing power of the minimum wage in El-Salvador halved between 1980 and 1985, while the level of the minimum wage in Argentina, Brazil, Mexico and Uruguay was also low, at between 20

[23] See ILO *Global Wage Report* 2010/2011, Box 5 (Marc Lavoie) «The perverse effects of declining wages », page 49.

and 25 percent of the average wage.[24] These serious concerns were reflected in the Global Jobs Pact, which recommended the use of social dialogue, collective bargaining and the use of statutory or negotiated minimum wages in order to avoid deflationary wage spirals and to sustain the propensity to spend of low-income households.

At the same time, the overall macroeconomics of minimum wages in times of crisis remains unclear, as few studies exist on this subject.[25] Against this background, strategies followed by countries in the sample illustrate these different aspects of minimum wage policy. Out of 77 countries surveyed, 32 countries have reported changes in the minimum wage over the period mid-2008 to end 2010 (Annex 2). Countries not included in the table are those where the minimum wage is fixed by collective bargaining at the sector level (e.g. Germany) or by wage boards (South Africa) or, with some exceptions, where the minimum wage varies according to sectors and/or regions (Costa Rica, Japan). Countries where the minimum wage did not change during this period, are also not represented in the table.[26] The 31 countries with observed changes in the level of minimum wages are at various stages of development, and include export economies, as well as countries hit by the food crisis and those which experienced a severe recession. It is believed, therefore, that this sample adequately represents the experience of countries, where the minimum wage is used as a crisis-response instrument.

In the initial phase of the crisis, three countries took the decision to freeze the minimum wage, either to counter the downward effects of the crisis on export markets as in China; or as a fear of adverse impact on employment (Australia, three Canadian provinces). Australia and China subsequently increased the minimum wage level in 2010. After freezing the minimum wage in 2009, Ireland introduced a €1 cut in the hourly minimum wage at €7.65 in December 2010, before going back to the previous rate in July 2011.[27]

Two countries increased the minimum wage at a cautious rate, which was not sufficient to protect the real earnings of minimum wage earners: Hungary and Spain. A larger number of countries, including France, Mexico, Nepal, the Netherlands, Peru, Romania, Serbia, Thailand, Turkey and the United Kingdom, increased the minimum wage over the period 2009–2010 more or less in line with consumer price increases "*thereby maintaining the purchasing power of minimum wage workers without increasing the burden on enterprises during this difficult period"*.[28]

The final group of countries in the table has increased their minimum wage in real terms over the period, including Brazil, Kenya, Moldova, Poland, the Russian Federation,

[24] Eyraud and Saget, 2008, "The revival of minimum wage setting institutions", in Berg, and Kucera (eds), *In Defence of Labour Market Institutions*, ILO, Palgrave Macmillan.

[25] In a non-crisis context, the debate about the effects of a minimum wage often focuses on its unintended employment consequences: for instance, does a binding minimum wage raise labour costs and lead to lower demand for low-skilled workers, or does it boost demand for employment by raising overall incomes and spurring economic activity? See the various issues of the ILO *Global Wage Reports* for evidence and literature surveys.

[26] These countries include for example Botswana (last change in May 2006), Burkina Faso (last change in December 2006), Ecuador (last change in January 2008) and Panama (last change in December 2007).

[27] Ireland's minimum wage had remained unchanged since July 2007.

[28] ILO *Global Wage Report* 2010/2011, ILO, Geneva, p. 65.

Trinidad and Tobago, Ukraine, the USA and to a lesser extent, Chile, Colombia, Ecuador, Korea, and Latvia. For four countries: Kenya, Nepal, Pakistan and Sri Lanka, the increase in the minimum wage in mid-2008, early 2009 seemed to be linked to the rise in commodity prices up to May 2008 and the need to ease social tensions. The level and composition of inflation in these countries, however, makes it difficult to estimate the impact of the increases on the purchasing power of minimum wage earners. For example, minimum wages in Kenya increased by 18–20 per cent depending on occupational category and areas, while the consumer price index (CPI) increase for 2008 was 26.2 per cent.

In addition to the food and fuel crises, countries, which raised their statutory minimum wages or maintained their value in real terms during the crisis, had a range of motivations. The USA increases of the minimum wage in July 2008 and July 2009 resulted from the implementation of the Fair Minimum Wage Act 2007. Brazil has been committed to a long-term policy of increasing the minimum wage threshold. Between 2003-2010, the real value of the minimum wage increased by 81 per cent, thereby contributing to raising the purchasing power of the 15 per cent of the employed population that earns the minimum wage, as well as those persons whose pensions and social assistance benefits are tied to it (ILO and OECD, 2011, G20 Country Policy Brief for Brazil, ILO, and OECD). There is also evidence that the minimum wage in Brazil is used as a reference wage for fixing wages in the informal economy, for example wages of workers without a labour card, thereby contributing to raising the living standards of informal workers.[29] Moldova and the Russian Federation, where the real minimum wage increased by 13 and 70 per cent, respectively) were able to raise the low minimum wages without fearing much adverse consequences on the labour markets and firms.[30] It could be argued that in large countries such as Australia, Brazil and the USA, which are relatively closed economies, a high proportion of wages is spent on goods and services produced locally, rather than imported, and that linkages of the minimum wage on imported goods are smaller. That, of course, depends very much on the sectors and occupations where minimum wage earners are employed, e.g. service sector.

Two countries, which went through a severe recession, nonetheless increased the real minimum wage in the crisis period. The GDP growth was -18 per cent in Latvia in 2009, and -14.8 per cent in the Ukraine. Latvia increased the minimum wage by 12.5 per cent in January 2009, and 11.1 per cent in January 2011. Latvian wages had increased up to April 2008 (20-30 per cent in the pre-crisis period) leading the government to propose a minimum wage increase for 2009 in the autumn of 2008. However, wages in Latvia decreased in 2009 on average by 6 per cent (3 per cent in the private sector, and 10-20 per cent for public wages).[31] There is anecdotal evidence that the minimum wage increase may have lead to an increase in non-compliance regulation, in unregistered work and in unemployment for low-skilled workers.[32] Turning to the Ukraine, regular increases in the minimum wage in a recession context could have the same effect. In this situation, the minimum wage cannot act as an effective threshold at the lower end of the labour market to protect the lowest paid workers. However, as in other countries, the minimum wage in

[29] Saget, 2006: *Wage fixing in the informal economy: Evidence from Brazil, India, Indonesia and South Africa*, Conditions of Work and Employment Series No. 16.

[30] Minimum wage in the Russian Federation represented 28 per cent of average wage in 2009; the ratio was 24 per cent in Moldova in 2010.

[31] EIRO, 2009: *Latvia, Annual Review*.

[32] This is reported by the national consultant from Latvia.

the Ukraine could nonetheless play a role in fixing effective wages in the formal and public sector. It is used as a base wage for the determination of public wages, while wage negotiations at the sector level also use it as a reference wage.[33]

There is a clear time trend regarding the use of minimum-wage policy during the crisis period. Countries where growth continued to be sluggish in 2010 refrained from raising the level of the minimum wage in the second year of the crisis (Europe, the US). Other countries where increases in GDP and employment went back to pre-crisis levels had more room to raise the minimum wage. For example, in Brazil where employment started to grow again as early as April 2009, the minimum wage was increased in real terms in January 2010, and then again in 2011.

The ILO Global Wage Report 2008/09 showed that in the period preceding the global economic crisis from 2001 to 2007, strong economic growth and increases in labour productivity were accompanied by corresponding adjustments in minimum wages, which were increased in real terms in more than 70 per cent of the countries for which data is available.[34]

Even during the crisis year of 2009, a majority of countries with available data adjusted the nominal minimum wage upwards. This shows continuity with a more active use of minimum wage policies by countries across the world in the decade prior to the current global economic crisis. The “revival in minimum wage policy”[35] observed in the 2000s has continued during the crisis. It also presents a departure from the experience during previous crises.

An interpretation of this trend would argue that the institutional setting of the minimum wage makes it easier to adjust than other labour regulations set through legislative action, such as employment protection legislation. Also, the frequency of adjustment, which is fixed by law in 37 per cent of countries; as well as the obligations to revise the minimum wage according to a number of economic and social criteria that are regulated in 74 per cent of countries.[36] Finally, minimum wage policy contains an element of social dialogue, itself important for maintaining policy cohesion during social and economic crises, and creating consensus. In 2008, 45 per cent out of 105 countries surveyed by the ILO had the minimum wage fixed by the government following consultation or recommendation of a specialized body.[37] A few additional countries fixed the minimum wage at the national level, through collective bargaining, including Estonia, which is also represented in Annex 2. To conclude, the simplicity to adjust the minimum wage to new economic and social conditions, often after consulting the social partners, made it an appealing “integrated” policy measure during the crisis.

[33] Saget, 2008: **“**Fixing minimum wage levels in developing countries: Common failures and remedies”, *International Labour Review*, Vol. 147, No. 1.

[34] ILO *Global Wage Report* 2008/2009, ILO, Geneva, p. 35.

[35] Eyraud and Saget, 2008: “The revival of minimum wage setting institutions” in Berg, Janine and David Kucera (Eds.) *In defence of labour market institutions*, Palgrave Macmillan and ILO.

[36] Eyraud and Saget, 2005: *The Fundamentals of minimum wage fixing*, ILO: Geneva.

[37] ILO *Working Conditions Law Report*, 2010, ILO, Geneva. http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_145473.pdf

I. Measures for migrant workers

Turning to migration policies, the Inventory provides partial information on how countries reacted to tighter labour markets for their nationals (for receiving countries), and returning migrants (for sending countries). Thirty one countries have undertaken measures targeting migrant workers, though not all of them regard social protection.[38]

Regarding social protection, eleven countries took expansionary measures with respect to migrant workers. Barbados, India, Cambodia, Jordan, and Ukraine have strengthened measure to protect emigrants abroad while Mexico, Ecuador, Philippines (that also extended assistance to emigrant workers in the US, South Korea, Taiwan (China) and Macau (China)), India, Nepal and Spain have facilitated the returning home of their emigrant’s citizens. Czech Republic and Japan have offered repatriation to legal foreign workers. Canada has improved protection to foreign workers, while Italy promoted the regularization of irregular employed domestic workers and caregivers. Also, measures to give additional protection to migrants from rural to urban areas in China were also reported.

Five countries took contractionary migrant worker policy directions: Saudi Arabia has strengthened the efforts to reduce the number of foreign workers; The Russian federation has narrowed the quotas for migrant workers; Kazakhstan has suspended the admission of low-skilled migrants workers and has increased monitoring on illegal labour migration; United States has issued the Employ American Workers Act, which requires companies receiving funding under the Troubled Assets Relief Program (TARP) to hire national workers before recruiting foreign workers and Malaysia increased tax on migrant workers.

This information on migration policies during the crisis is incomplete, as many more receiving countries implemented or reduced quotas for migrants, and introduced new requirements, such as skills levels (Kuptsch, C. 2012 *forthcoming*. “The economic crisis and labour migration policies in European countries" in *Comparative Population Studies - Zeitschrift für Bevölkerungswissenschaften (CPoS).)*

[38] For example, anti trafficking law adopted in Bahrain; module on migrants added in the Census in Kenya; law on immigration to give temporary residence permits to large-scale investors in Latvia.

5. Conclusions and recommendations

1. One key result from the ILO/WB Inventory is that a few new schemes were initiated in the wake of the crisis. These included a public works scheme implemented in Latvia in response to tightening of the labour market; the introduction of a food card system in Uruguay; and a mortgage rescue scheme enacted in the UK to prevent lasting financial damage to families as a result of the crisis. The ILO/WB Inventory also records some of the schemes that were implemented in the wake of the crisis, but were planned before its onset. These include the unemployment insurance scheme in Vietnam and Jordan, the conditional cash transfer introduced in the Philippines, as well as the cash transfer "Hopeful family programme" in Indonesia. The process of implementation of these schemes was speeded up for a number of countries as a result of the crisis impact.

2. The most prevalent response consists of changes to existing schemes. The frequency of policies consisting of changes to existing schemes far outnumbers the evidence of new schemes being implemented, by a factor of one to seven. The planning and investments in capacity building and infrastructures make it difficult to introduce new schemes or ad hoc measures when there is sudden need for increased social protection.

3. Many developing and emerging countries had put in place social protection measures after past financial crises and were able to adjust their responses to the crisis, as shown by the experience of countries hit by the South Asian crisis of the late 1990s and the Latin American debt crisis of the early 2000s.

4. The Inventory found evidence of pension schemes being reformed in response to the crisis or, sometimes accelerating the implementation of a reform planned earlier, in 18 countries. The changes adopted in pension schemes are of different nature aiming at different objectives. Aiming an immediate impact on individual's income and the aggregate demand several countries adopted an increase of benefits to current pensioners. Immediate responses targeted mainly low income pensioners with either an increase in the level of the non-contributory pension or an exceptional onetime payment. A second type of changes concerns more structural reforms of pension systems to reduce deficits of public pension schemes or to be less vulnerable to future crisis. Financial sectors worldwide were one of the key affected sectors during the crisis. As capital markets experienced volatile fluctuations, so too did forms of savings, particularly pension reserves.

5. This crisis has outlined the complementarity of training measures with unemployment benefits schemes. These schemes, whether partial or full, are more efficient when combined with other labour market instruments that increase employability, such as training. Several countries have added or extended partial unemployment benefits systems with a training component.

6. There are significant regional trends in terms of social protection responses. For countries with developed unemployment benefits systems, unemployment insurance schemes are the branch of social security that bears the brunt of costs of income replacement for employees who have lost their jobs. This could be an expansionary policy in the form of an extension of unemployment benefits, or contractionary measures to prioritize restrictions in public spending in order to limit public finance deficits, such as the act of reducing unemployment benefits.

   Government strategy in a number of European countries aims at the avoidance of full unemployment – with the consequent loss of skills and discouragement of workers – by expanding the application, eligibility and coverage of partial unemployment benefits. These allow workers to stay in their employment relationship, but with reduced working hours, for example.

In middle-income countries, the most common form of crisis response is the extension of cash transfer schemes or public employment schemes. The latter often have an ad hoc character: they may be implemented more quickly than social security schemes, and discontinued once the crisis is over.

In low-income countries, which faced the food and energy price hikes in late 2007 beginning of 2008 before being hit by the financial crisis, the bulk of immediate support over 2007-2009 concerns food subsidies. Food subsidies and food cards, and to a lesser extent, public works can be quickly implemented and represent an option for countries that have limited systems in place.

Of the 43 countries assessed in the categorization exercise, 41 adopted at least one expansionary policy with respect to social protection in response to the crisis, and consequently a number are now facing a period of fiscal consolidation to keep a hold on public debt.

7. Other countries were forced to maintain an austerity approach as a response to the crisis and cuts in social security spending in areas such as pensions and health care. Expansionary schemes documented in the Inventory outweighed contractionary schemes by 10 to 1.

8. The questionnaire covered only measures introduced in the immediate aftermath of the 2008-2009 crisis up to mid 2010. There were however measures introduced in 2010 and 2011 which were of similar nature to those discussed in this document. For example: in addition to nationalization of private pensions in Argentina, a similar development took place in Bolivia and Hungary. Also there was a permanent or temporary shifting of contributions from private to public pension schemes in Slovakia, Latvia, and Poland. Also new debt crises erupted in 2010-11, while new austerity measures were implemented along, which sometimes reversed the policies introduced immediately after the crisis started.

9. Regarding minimum wages, 33 countries out of 77 reported changes in their minimum wage. This is probably an underestimation, as countries, without national minimum wages, did not report changes well. Among countries adjusting the level of their minimum wage during the crisis period, 16 increased it in real terms, ten increased it more or less in line with the CPI, while a minority (7) increased it by less than CPI or even decreased temporarily. On the basis of these results, minimum wage policy was an important element of countries' response to the crisis, in contrast to the experience of earlier crises in Africa, Asia and Latin America.

10. Turning to financing social security issues, 25 countries out of 77 reported a decrease in social security contributions. In a few cases, this measure was key in the recovery strategy, and the reported costs were expensive. The decrease in social security contribution was permanent in nine countries, and across the board in 13 countries. In the short term, there might have been a positive effect of these measures on labour demand, while in a few cases, there has been a parallel reduction in benefits. The longer term effects on employment, and growth remained ambiguous, and should be evaluated.

11. As conclusions and recommendations it can be said that:

    (1) Measures in the field of social protection are part of a long-term strategy. If there are schemes in place, they can be adjusted and amended. But, to introduce schemes takes a long time and entails much preparation. This is not a realistic measure as an immediate crisis intervention.

(2) Many countries report that their schemes react flexibly to crisis. They say that expenses increase, but at the same time schemes seem to cushion adverse effects on poverty levels and unemployment. Therefore, investment in social protection schemes seems to pay off.

(3) The range of possible schemes is very large, especially in the field of employment and social assistance. It can be said that the classical types of Bismarckian social insurance have found many additions and alternatives in the world. The most prominent innovation in many countries is conditional and non-conditional cash transfer programmes that are mushrooming around the world. They have proven to be effective as a measure of poverty reduction and, once established, seem to be a good instrument to deal with a crisis.

In general, it can be said that social protection has an important role to play as an instrument to deal with any economic and financial crisis. Most countries that responded to the questionnaire gave great importance to social protection. Therefore, investment in social protection would appear to pay off.

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Annex 1: Examples of public works expanded or introduced as a response to the crisis

In **Australia**, included within NBJP and 2009-10 Budget, an AUD$650 million (US$546 million) Jobs Fund was established, with the objective of supporting and creating jobs and increasing skills through innovative projects that build community infrastructure and increase social capital in local communities across the country. The package included government investment in one-off capital projects and seed funding for social enterprises.

In **Argentina,** the programme promotes the creation of worker cooperatives engaged in the execution of works of medium and low complexity fully funded by the national government through the Ministry of Social Development. It is estimated that approximately 70 per cent of the cost of each cooperative is assigned to the income of the cooperative, and the remaining 30 per cent to administrative costs, materials for the execution of works, tools and supplies. Cooperative members have access to Social Monotributo, i.e. periods worked are computed in the social security system, and members benefit from health coverage. The works performed are sanitation, urban and community infrastructure, improving green spaces and housing. The total budget for public works in 2009 was 56.8 billion pesos (US$16 billion).

In **Bangladesh**, the Ministry of Food and Disaster Management carried out an employment generation programme entitled “Employment Generation for Hardcore Poor” (EGHP) implemented in two phases in selected poverty-prone areas. During the first phase of the EGHP (September– November 2009), the programme encompassed 16 districts, while in the second phase (March–April 2010), the coverage has been widened to all 64 districts. Total allocation for this programme in FY2009–10 was taka (BDT) 7,780 million (US$113 million).

In **Germany**, a discussion on the creation of public employment in the social sector for the long-term unemployed is ongoing. In July 2010 a pilot programme called "Bürgerarbeit" was launched to place long-term unemployed persons in non-profit workplaces. However, through public investment in infrastructure, jobs will be saved and also created. Such jobs are mainly created at the local/community level, where most of the infrastructure programmes are administered and carried out. Until December 2010 €10billion (US$13.6 billion) will be spent in communities and federal states, €4 billion (US$5.4 billion) at the national level. The source of financing is 75 per cent central and 25 per cent federal states. The focus of the investments is on universities, schools, child care, communal planning, hospitals and information technology. Reducing CO2 and energy-saving infrastructure development will also be supported. To speed up public investments, rules on public tenders have been simplified.

In **Ghana**, where there was concern about the growing youth unemployment, a Youth in Modern Agriculture initiative was launched with an initial beneficiary target of 66,400 youths from all over the country's 170 districts. In addition, around 100 unemployed youths in each district undertook dry season gardening and another 100 undertook the rearing of animals using improved methods. Sectors involved were: energy, roads and rail. Most of the projects were ongoing before the sudden infusion of funds during the crisis.

In **Ireland**, the decline in the economy has led to the government searching for new economic spheres in which to reposition the country. In particular, the green economy was targeted. Over €1 billion (US$1.4 billion) in government spending for 2010 was committed to programmes that stimulate the green economy. For example, the government announced €130 million (US$177.2 million) for energy efficiency measures, including €45 million (US$61.3 million) towards retro-fitting (greening) of the public housing stock. The objectives were to help develop the clean technology sector, to directly create jobs in the short term and ultimately to position Ireland as a low carbon economy.

In **Jamaica**, as part of the “Stimulus Package” an amount of approximately J$2.5 billion (US$31.5 million) was allocated to infrastructural work, but further details are not available in respect of the specific programmes implemented or jobs created.

In **Kazakhstan**, in March 2009, the government adopted the “Roadmap” — an action plan to support regional employment and the retraining of workers. The “Roadmap” will add not less than Tenge (KZT) 140 billion (around US$1 billion) to the national budget and will be co-financed from local budgets. The “*Roadmap*” has seven main policy directions or groups of activities and two of them can be considered as public sector job creation in the social sector: i) expansion of the programme for the creation of up to 63,100 “social jobs” (up to six months, with a wage subsidy of 50 per cent of wage costs) plus 34,400 fully subsidized jobs for six months for graduates at a cost of KZT8.6 billion (US$64 million); ii) financing of priority social projects and programmes in local communities at a cost of KZT37 billion (US$275 million) with 50,000 new jobs to be created.

In **Korea**, to cope with the crisis, a public works programme was implemented from June to November 2009. Over this period, on average, 250,000 persons-days were created per month. The eligibility was given to those whose income level fell below 120 per cent of the minimum living standard with a property value below Won (KRW) 135 million (US$121 million). Monthly wage level was KRW890,000 (US$797). A share of wages (from 30–50 per cent depending on the local government) was given in coupons which were valid only for three months and could be used only in small shops and traditional markets to boost the consumption and help small business owners who also experienced a sharp sales decrease. When alternative consumption boosting programmes were first examined, uniform cash transfer or consumption coupons for low-income families were considered. But, the financial resources were thought to fall short of general cash transfer. The public works project was finally the preferred option to support those most in need, also because of the self-selection that it implied. The second round of the public works programme was implemented from January to June 2010. An estimated 100,000 jobs per month were created on average over the period.

In **Latvia**, a large scale public works programme was put in place with an allowance paid equivalent to US$185 per month per eight hour working day along with an accident insurance provided to those not receiving unemployment benefit. During the implementation of the programme, from September 2009 to June 2011, approximately 52,000 temporary work places with a duration of six months work places for lower qualified, non-commercial activities were established. This number is expected to reach 71,000 by the latter stages of the scheme. The unemployed can participate for a maximum period of six months per year in the programme. The programme’s aim is to reduce the impact and severe social consequences of the economic crisis. In some cases it has also been an instrument for the activation of the unemployed.

In the **Philippines**, the inter-agency CLEEP, sought to provide emergency employment and sources of funding for livelihood initiatives to the poor, hungry, returning expatriates, workers in the export industry, and out-of-school youth. Its stated objective was to protect these vulnerable groups from the threats and consequences of reduced or lost income due to the global crisis. All government departments and offices were directed to mobilize all their remaining resources to finance the pro-poor “employment and livelihood” projects under the CLEEP by allocating 1.5 per cent of their 2009 operating budget/Maintenance and Other Operating Expenses (MOOE) for the temporary hiring of qualified, displaced workers. Most of the programmes were already implemented prior to the global financial crisis, but two projects specifically created for CLEEP are:

(1) DOLE’s *Tulong Panghanapbuhay sa ating* disadvantaged workers (TUPAD), which provides short-term wage employment as an immediate source of income, often one month in community works of Local Government Units (LGUs) as well as coverage by social security. The LGUs account for 50 per cent of PhilHealth premiums for one year, covers SSS premiums for one month while DOLE covers wages for one month.

(2) Integrated Services for Livelihood Advancement of the Fisher Folks (ISLA): a programme for marginalized fishers in coastal municipalities, in collaboration with LGUs and the Bureau of Fisheries.

In **Serbia**, the public works programme targeted the long-term unemployed facing the risk of poverty. It is carried out by employers appointed by the National Employment Service and based on open competition and is organized in the fields of social, humanitarian, cultural and other activities, as well as public infrastructure rehabilitation, environmental and nature maintenance and protection. The duration of public works is limited to six months per jobseeker.

In **Saudi Arabia**, four large infrastructure projects were launched in Rabigh, Hail, Al-Madinah and Jazan, which are expected to draw almost Riyal (SAR) 300 billion (US$80 billion) in investment and create more than a million jobs. These economic zones are located in less developed regions away from the existing economically developed regions and were specifically selected to ensure that development and employment opportunities are spread around the Kingdom.

In **Sweden**, in face of the drastic worsening of the economic situation, as well as the growing awareness that it will experience a dramatic drop in output and employment, at the end of 2008 and during 2009, the government took further financial and fiscal stimuli measures. In addition to the increased funding in infrastructure of Swedish krona (SEK) 10 billion (US$1.4 billion) announced in the autumn 2009 Budget Bill, it was decided that a further SEK1 billion (US$142 million) would be invested in infrastructure (operation and maintenance of roads and railways) to boost aggregate demand. In the 2010 Autumn Budget Bill, adopted by the parliament in December 2009, the government presented further measures to mitigate the impact of the global crisis on employment. In particular, it increased the central government grants to municipalities and county councils by SEK10 billion (US$1.4 billion) in 2010, as well as a further investment of SEK1 billion (US$142 million) in infrastructure. This helped to maintain and secure the Swedish welfare system and employment in the public sector.

In **Uganda**, the government injected more funds into the economy as a stimulus package to keep it vibrant through infrastructural development. It was hoped that this would give rural youth employment opportunities during the global economic crisis period. The prioritized area was the development and maintenance of road networks. In the financial year 2008/2009 the sector funding was increased by Ugandan shillings (UGX) 468 million (US$0.25 million) to a total of UGX1.118 trillion (US$596 million). This was also aimed at promoting production, competitiveness and trade in the country.

In **the United States**, on 18 March 2010, President Obama signed into law the Hiring Incentives to Restore Employment (HIRE) Act. In addition to the $18 billion in employment incentives, HIRE transferred $20 billion from the General Fund of the Treasury Department to the Highway Trust Fund for highway and transit projects and an extension of the current surface transportation authorizations until the end of the year. The HIRE Act also extends the Build America Bonds programme, which allows state and local governments to borrow for infrastructure projects at a reduced rate.

In **Uruguay**, the Uruguay Trabaja Programme launched in 2008 under the Equity Plan, aimed at providing employment opportunities to long-term unemployed from low-income households. Uruguay Trabaja allows people to perform tasks of community value for a period of up to eight months, receiving a grant as well as social security benefits. The targeted population included those aged from 18 to 64, with incomplete primary cycle, and unemployed for more than two years from the date of registration. Participants also benefited from training.

Annex 2: Changes in minimum wage levels, July 2008-July 2010[39]

Country	Nominal changes in the level of minimum wages	Dates	Consumer prices increase (annual %)
Argentina	Progressive increase by 26.5%	August 2008-December 2008	2008: 8.6 2009: 6.3 2010: 10.8
	Increase by 12.9%	August 2009	
	Increase by 2.9%	October 2009	
	Increase by 4.2%	January 2010	
	Increase by 14.5%	September 2010	
	Increase by 5.7%	January 2011	
Australia	Decision to maintain the level of the standard Federal Minimum Wage	July 2009	2008: 4.4 2009: 1.8 2010: 2.8
	Increase of 4.8 % at the federal level	July 2010	
Brazil	Maintenance of decision to increase minimum wage by 6% in real terms Increase of 9.7%	February 2009 January 2010	2008: 5.7 2009: 4.9 2010: 5.0
	Increase of 6.9%	January 2011	
Canada	Increase in all provinces except in 3 which froze the level of minimum wage. The weighted national average minimum wage was raised by 6.1%.	2009 (exact date vary according to provinces)	2008:2.4 2009: .3 2010: 1.8
	The weighted average minimum wage was raised by 3.6% in real terms	2010	
Chile	Increase in the minimum wage by 3.8%	July 2009	2008: 1.4
	Increase in the minimum wage by 4.3%	July 2010	
China	Minimum wages, which vary according to Provinces, were frozen in 2009 as a direct consequence of the financial crisis and the drop in export markets.	2009	2008: 5.9 2009: -.7 2010: 3.3
	They were later increased in 2010 in 21 out of 31 of the main Provinces by 20-25%	First half of 2010	
Colombia	Increase in the minimum wage by 7.7%	January 2009	2008: 7.0 2009: 4.2 2010: 2.3
	Increase in the minimum wage by 7.7%	January 2010	

[39] This information on minimum wages was collected at different points in time: for some countries, information was available up to January 2011. With a few exceptions, countries not in the table include those where the minimum wage is fixed through collective bargaining at the sector level, and those where it is fixed at the sector/regional/occupational level.

Country	Nominal changes in the level of minimum wages	Dates	Consumer prices increase (annual %)
Ecuador	Increase in the minimum wage by 10.1% in real terms Increase in the minimum wage by 10% in real terms	January 2009 January 2010	2008: 8.4% 2009: 5.2 2010: 3.6
Estonia	No increase in 2009, contrary to previous years		
France	Increase in the minimum wage by .9% Increase by 1.3% Increase .4%	July 2008 July 2009 January 2010	2008: 2.8 2009: .1 2010: 1.5
Hungary	Increase in the national minimum wage by 3.6% Increase by 2.8%	January 2009 January 2010	2008: 6.1 2009: 4.2 2010: 4.9
Ireland	Freeze in the minimum wage 1 euro cut in hourly minimum wage rate at euro 7.65 Back to previous rate	2009 December 2010 July 2011	2008: 4.1 2009: -4.5 2010: -.9
Kenya	Increase in the minimum wage for the first time since 2006 by 18% to 20%, depending on occupational categories and areas	May 2009	2008: 26.2 2009: 9.2 2010: 4.0
Korea, Rep	Increase in the minimum wage by 6.1% Increase in the minimum wage by 2.75 %	January 2009 January 2010	2008: 4.7 2009: 2.8 2010: 2.9
Latvia	Increase by 12.5% Increase by 11.1%	January 2009 January 2011	2008: 15.4 2009: 3.5 2010: -1.1
Mexico	Increase in the minimum wage by 4.6% Increase in the minimum wage by 4.85%	January 2009 January 2010	2008: 5.1 2009: 5.3 2010: 4.2
Moldova	Increase in the minimum wage by 50%	January 2009	2008: 12.8 2009: -.1 2010: 7.4
Pakistan	Increase in the minimum wage by 30.4% Increase in the minimum wage by 16.7%	2008 2010	2008:20.3 2009: 13.6 2010: 13.9
Nepal	Increase in the minimum wage by 39.4% decided before the crisis following increase in food prices	September 2008	2008: 10.9 2009: 11.6 2010: 10.0
Netherlands	Increases in the minimum wage by 2.9% in 2008; 3% in 2009, 1.3% in 2010	Every six months	2008: 2.5 2009: 1.2 2010: 1.3
Peru	Increase in the minimum wage of 5.4%	December 2010	2008: 5.8 2009: 2.9 2010: 1.5

Country	Nominal changes in the level of minimum wages	Dates	Consumer prices increase (annual %)
Poland	Increase in the real minimum wage by 13.3%	January 2009	2008: 4.3 2009: 3.8 2010: 2.7
	Increase in the minimum wage by 3.2%	January 2010	
Romania	Increase in the minimum wage by 11.1%	January 2009	2008: 7.8 2009: 5.6 2010: 6.1
Russia	Increase in the minimum wage by 88%	January 2009	2008: 14.1 2009: 11.7 2010:6.9
Serbia	Increase in the minimum wage by 24.8%	July 2009	2008: 12.4 2009: 8.1 2010: 6.1
Spain	Increase in the minimum wage by 1.4% Increase by 1.5%	January 2009 January 2010	2008: 4.1 2009: -.4 2010: 1.9
Sri Lanka	Increase in minimum wages in sectors covered by wage boards by 28.0%	July 2008	2008: 22.6 2009: 3.4 2010: 5.9
	Increase by 11.5%	July 2009	
Thailand	Increase in the minimum wage in 71 out of 76 provinces by .5-5% close to CPI	January 2010	2008: 5.4 2009: -.9 2010: 3.3
Trinidad and Tobago	Increase in the minimum wage by 38.9%	January 2011	2008: 12.0 2009: 7.0 2010: 10.5
Turkey	Increase in the minimum wage sometimes slightly more and sometimes slightly less than CPI	Every 6 months	2008: 10.4 2009: 6.3 2010: 8.6
Ukraine	Four increases in the minimum wage in 2009, and four increases in 2010. The minimum wage has increased from 605 UAH (93 USD) in December 2008 to 922 UAH (142 USD) in December 2010, an increase of 52% in nominal terms	2009-2010	2008: 25.2 2009: 15.9 2010: 9.4
United Kingdom	Increase in the minimum wage by 5.7% (announced in May 2008)	October 2008	2008: 3.6 2009: 2.2 2010: 3.3
	Increase in the minimum wage by 1.2%	October 2009	
US	Implementation of increase in minimum wage of 12.0% planned in 2007	July 2008	2008: 3.8 2009: -.4 2010: 1.6
	Implementation of increase in minimum wage of 6.9% planned in 2007	July 2009	

NB: Other aspects of minimum wage legislation, such as procedure, consultation of social partners, criteria of adjustment, frequency of adjustments, coverage, and enforcement mechanisms are available from the ILO database on conditions of work and employment laws at: http://www.ilo.org/dyn/travail/travmain.home; CPI data come from the World Bank Indicators database.

Annex 3: Reduction in social security contributions, 2008-10

Country	Measure	Timeframe	Cost
Thailand	Decrease in social security contribution from 5 to 3 %	July-December 2009	
Canada	Rate frozen at 1.73%	2009	4.37 billion Canadian $
Japan	Reduction by .2% for employer and .2% for workers	2009	640 billion yen
Germany	Reduction of PES contribution from 6.5% to 5.6% in 2008 shared between employers and employees	Permanent	
Germany	Reduction of PES contribution from 5.6 to 3% in 2009, shared	Permanent	
Germany	Reduction of PES contribution from 3 to 2.8%, shared	2009-2010	
Germany	Reduction of health insurance from 15.5% to 14.9% (7.3 to 7 for employers and 8.2 to 7.9 for employees	2009-2010	
China	Delayed payment of social security contributions for max 6 month, Reduction in insurance rates for max 12 months to enterprises with difficulties	2009	54.46 billion yuan
USA	No social security payroll tax for hiring a jobseeker (if no displacement) for 12 months	2010	38 billion USD
Romania	No social security contributions employer and employee for 3 months in case of technical unemployment		
Sweden	Employers social security contributions went from 32.42 to 31.42% from Jan 2009	2009 Permanent	12 billion SEK
Sweden	Reduction of employers' social security by 50% (rate lowered to 15.49%) for youth and age group broadened to everyone under 26.	Permanent	12 billion SEK
Sweden	Reduction of 5 percentage points for SS contributions of self-employed	2010 Permanent	

Country	**Measure**	**Timeframe**	**Cost**
Sweden	200% subsidy of SS contribution for hiring someone who has been unemployed or sick for more than one year	January 2009 Temporary	1.7 billion SEK
France	Exemption from employers' SS contributions for 12 months for new jobs in enterprises less than 10 employees	2009 Temporary	700 million euro
Hungary	Five percentage points reduction in employers' contributions on low wages in 2009, on everyone in 2010.	July 2009 Permanent	80 billion 2009 HUF 300 billion 2010 HUF
Poland	Decrease in accident insurance rate from 1.80% to 1.67% for employers with less than 10 employees	April 2009 Permanent	
Czech Republic	Decrease in health insurance paid by employer by 1 percentage point	July 2009 Permanent	
Czech Republic	Decrease of SS employee's contributions for those with wages lower than 115% of average wage	Temporary	
Bulgaria	Employers and employees' pension contributions reduced by 40%. The reduction is compensated by the state	2009	
Colombia	Decrease in SS contributions for SMEs	February 2009 Permanent	
Peru	Suspension of SS contributions	July 2009 Temporary	244 million new pesos
Spain	50% reduction of SS contributions for 2 years for hiring a first employee	August- December 2009	
Spain	800 euro a year subsidy of SS contributions for 3 years for hiring LTU youth on permanent contract, 1000 euro if a woman; or LTU older than 45	June 2010-31 December 2011	3000 million euro
Spain	Subsidies on SS contributions for hiring permanent PT workers	March 2009 Permanent	
Spain	Subsidies on SS contributions for hiring unemployed with family responsibility (125 euro per month)	March 2009-Permanent	

Country	Measure	Timeframe	Cost
Mexico	Reduction of 5 percentage points employers' contributions; paid by the state	March-December 2008	6 billion Mexican pesos
China	Reduction of contribution rate from 41% to 20%		
Egypt	Decrease of SS contributions	December 2008-December 2010	
Macedonia	Reduction of SS contribution from 32% to 26.9% in 2009 from 24.7% in 2010, and 22.5% in 2011	2009 Permanent	
Italy	Reduction of SS contributions jobseekers receiving UB on FT contracts who are 50 or above; further reduction for jobseekers with 35 years of pension contribution	January 2010-December 2010	.12 billion euro
Turkey[1]	5 percentage points subsidies of SS contributions	October 2008 Permanent	3.357 billion TL- 5.1 million beneficiaries in 2009
Romania	6 months SS contributions exemption for hiring unemployed for at least 12 months	2010	235 million RON
Estonia	Changing first and second pillar contribution	2009-2010 Temporary	
Latvia	Reduction of funded pension pillar contribution from 8 to 2% and then increase to 4% (2011) and 6% (2012)	2009-2012 Temporary	
Cambodia	Reduction of garment sector employer's contribution to National Social Security Fund was reduced to 0.5% from 0.8%	2009	

[1] Turkey also implemented smaller scale wage subsidies for youth, women, long-term, workers on training, and workers in less developed regions (ILO and OECD, 2011).

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