



Unemployment Insurance System in Bahrain Challenges and lessons learned

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Presentation Outline

- Introduction to UI System in Bahrain
- Types of UI Benefits
- Eligibility Conditions
- UI Benefits Amounts
- Positive Results
- UI System Success Factors
- Challenges
- Lessons Learned
- Financial Sustainability of the UI scheme

Unemployment Insurance in Bahrain

Kingdom of Bahrain has been the first Middle East Country to implement the Unemployment Insurance Scheme. In 2006 the legislative decree no. (78) had been issued by his Majesty the King Hamad bin Isa Al Khalifa.

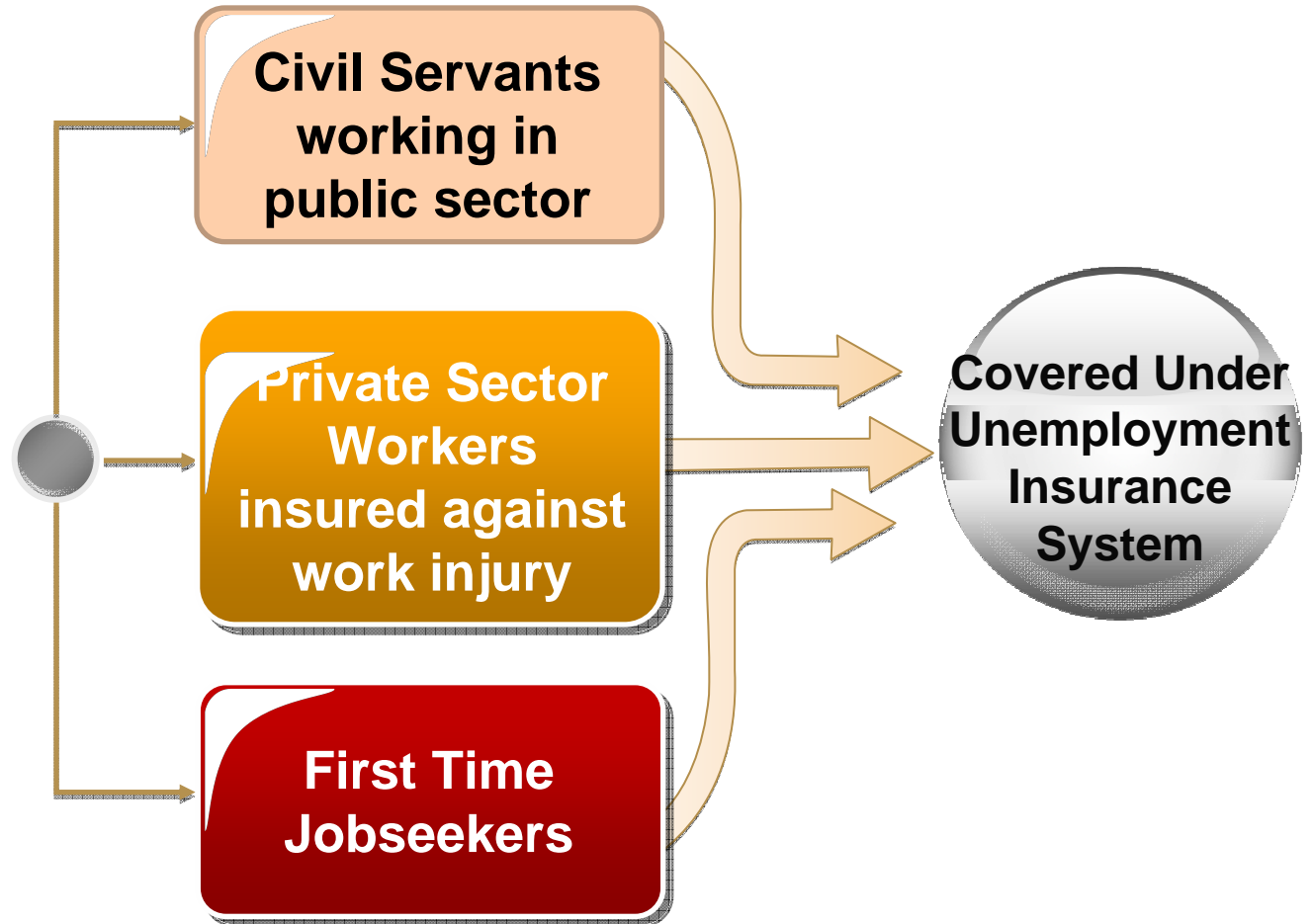
Since then the Unemployment Insurance Scheme has helped more than 123000 persons till the end of 2010.

Types of Benefits Unemployment Insurance Scheme

Unemployment Insurance Scheme provides two types of Benefits:

- **Unemployment Aid**, which is paid to the national first time jobseekers.
- **Unemployment Compensation**, which is paid to both nationals and expatriates, who participated in the scheme by paying their contributions

Persons Covered by Unemployment Insurance



Monthly Contributions



These contributions are subject to change should the UI Fund report a financial surplus or deficit.

Unemployment Insurance Compensation

- **UI Compensation is paid to those who lost their jobs involuntarily.**
- **An insured person qualifies for UI Compensation if he or she satisfies the following conditions:**

For the first claim, he or she should have been employed in an insured job for at least 12 consecutive months.

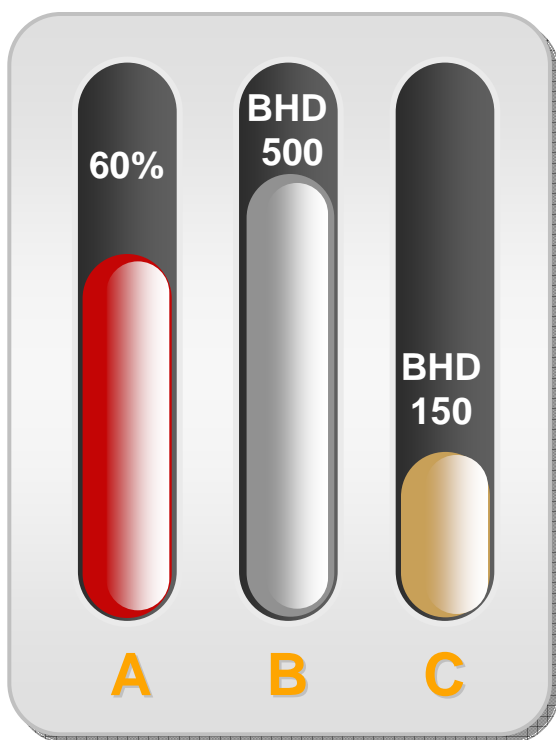
Shall be able to take up employment

He or she should not left his or her job voluntarily.

He or She should have the desire to work

**Should not have lost his job for disciplinary reasons
And should not reached retirement age**

Amount of UI Compensation



A UI Compensation is paid on a monthly basis - 60% of the average insured wage

B Maximum UI Compensation would be 500 BHD for a maximum period of Six Months

C Minimum compensation is 150 BHD or the average monthly wage, whichever is less .

Unemployment Insurance Aid

UI Aid Amount

- A first time jobseeker will be entitled to receive the UI Aid of 150 BHD if he / she is an academic qualification holder. otherwise he / she will receive 120 BHD for a maximum period of six months.

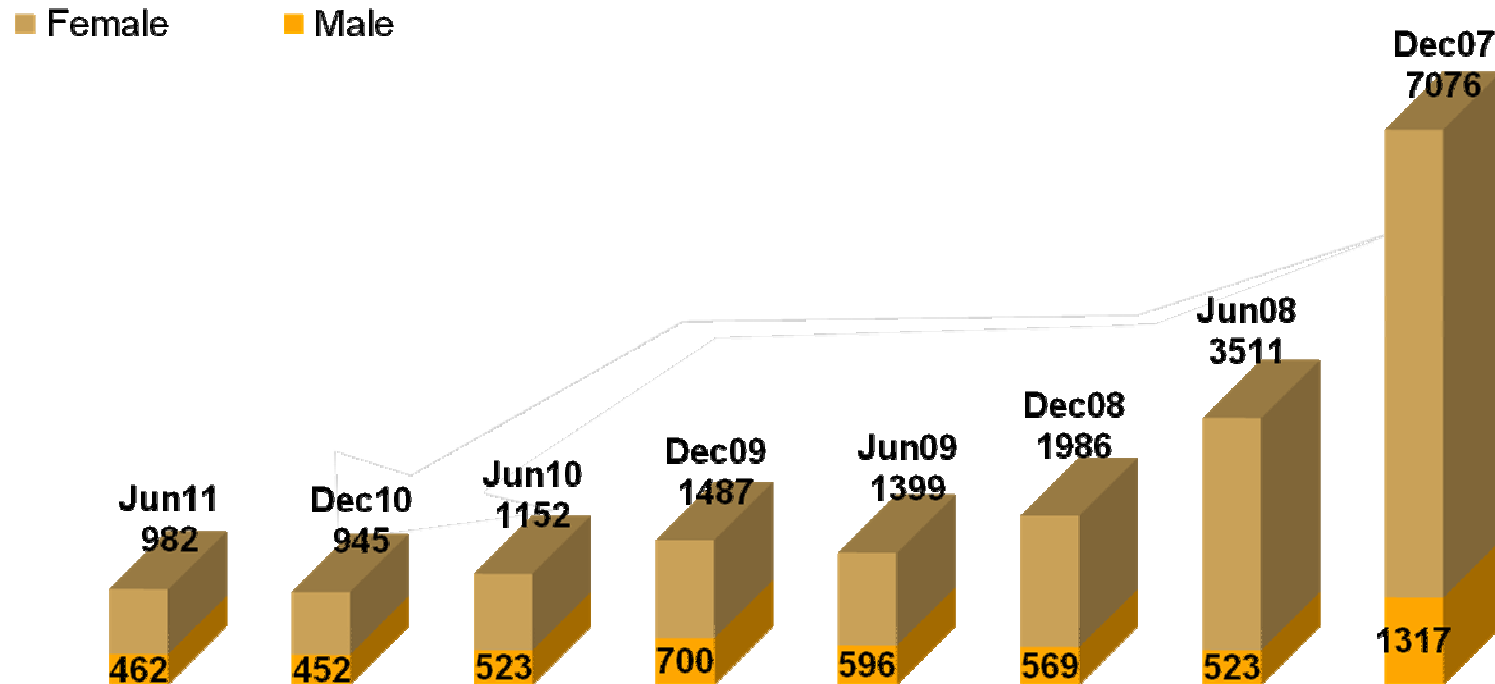
UI Aid Entitlement Conditions

- He / she should be a Bahraini National,
- Should not be less than 18 years old,
- He / she should not be carrying out a commercial or professional business of his / her own,
- He / she should be able to work and have the desire to take up employment,
- Should actively be looking for a job,
- Should not have reached retirement age,
- He / she should join the prescribed training and complete it successfully

Conditions Causing the UI Benefit Suspension Or Forfeiture

- ☐ If the unemployed person does not comply with the Ministry's instructions,
- ☐ Rejection of the training programs prescribed,
- ☐ Refusal of two suitable employment opportunities offered by the Ministry,
- ☐ If the unemployed person takes up an employment.

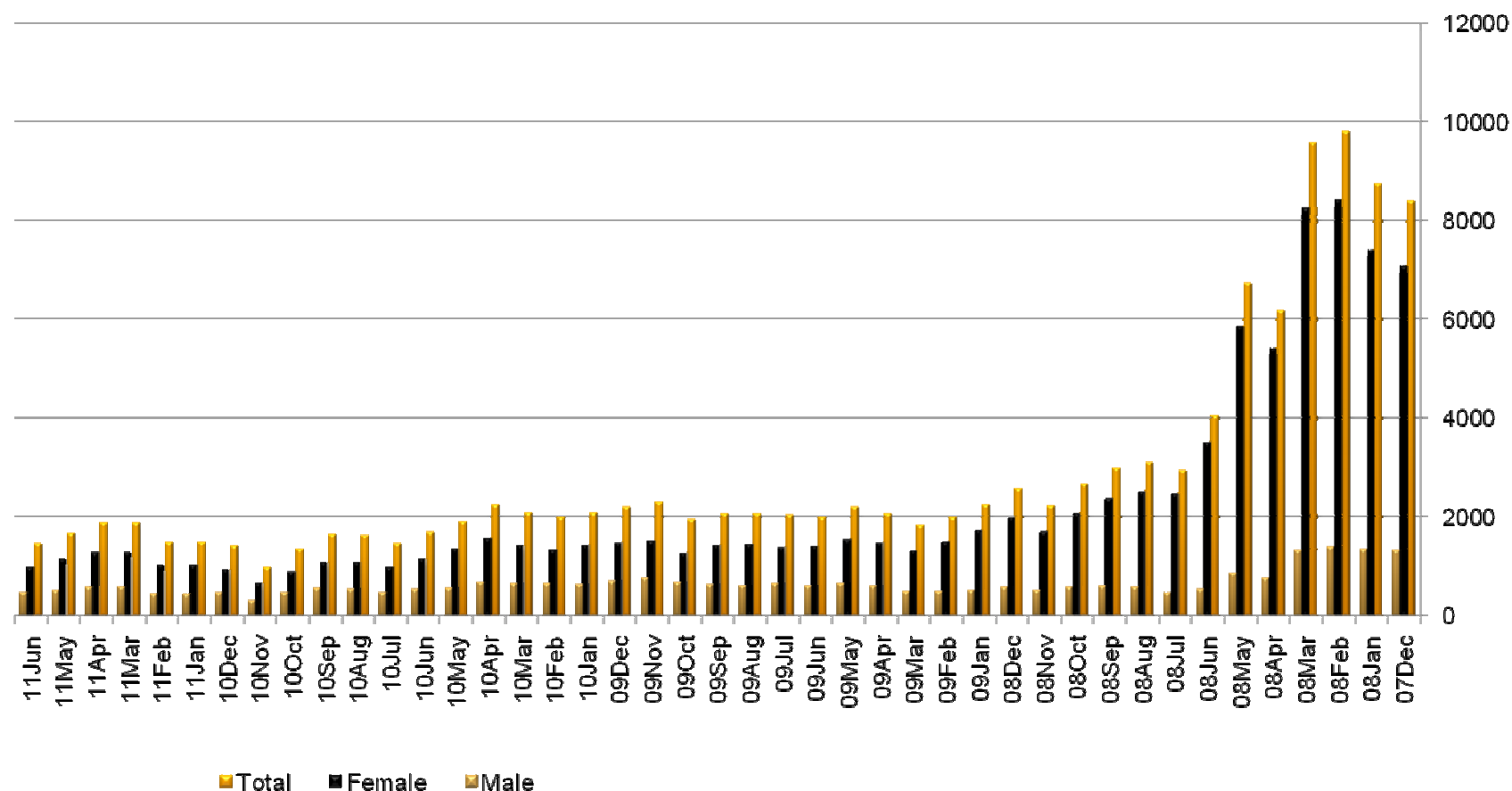
UI Aid Beneficiaries' Figures



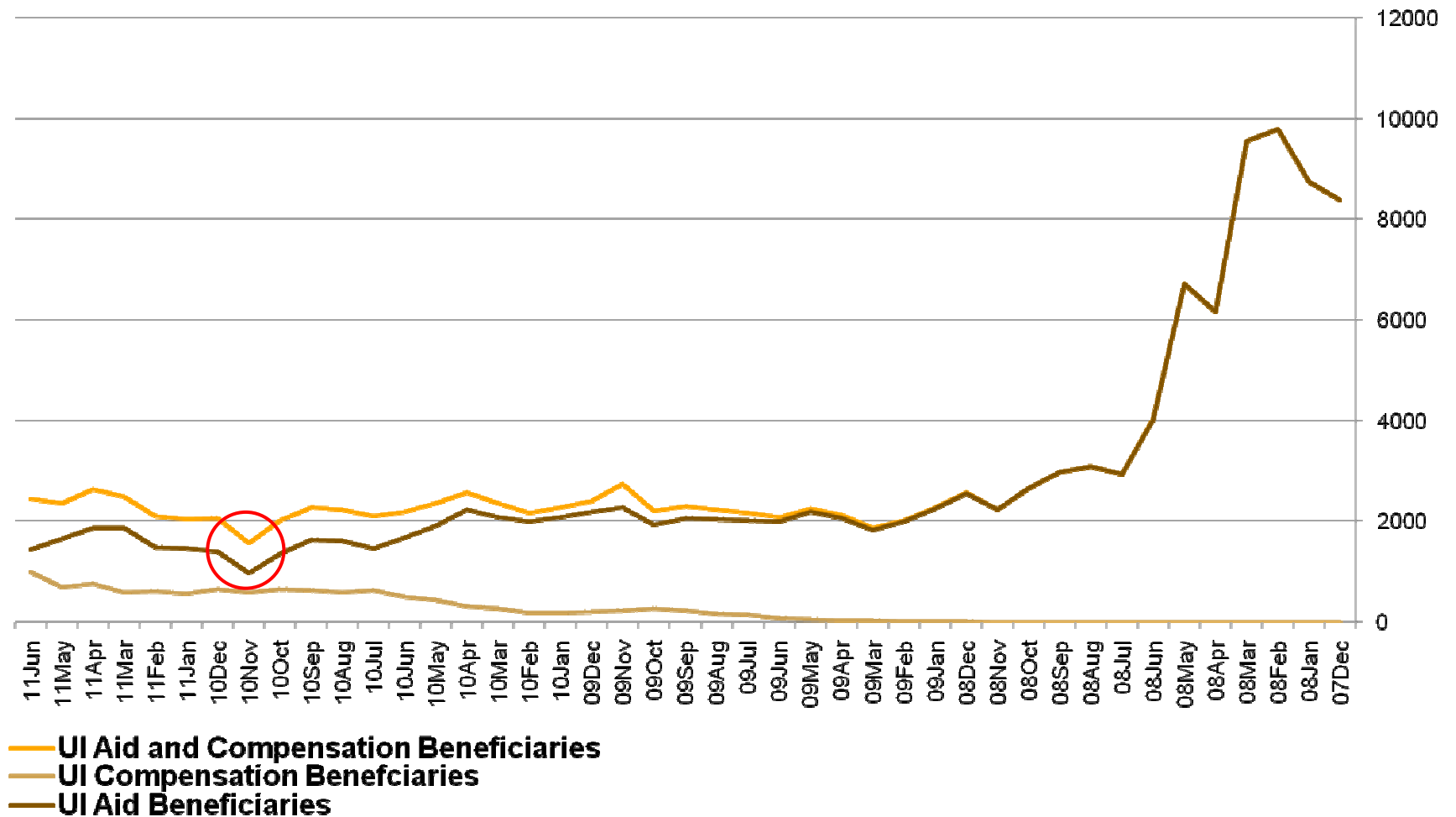
A semi-annual comparison of UI Aid Beneficiaries'

UI Aid Beneficiaries

Numbers of UI Aid Beneficiaries Since 2007



UI Aid and Compensation Beneficiaries



Unemployment Insurance's Positive Results

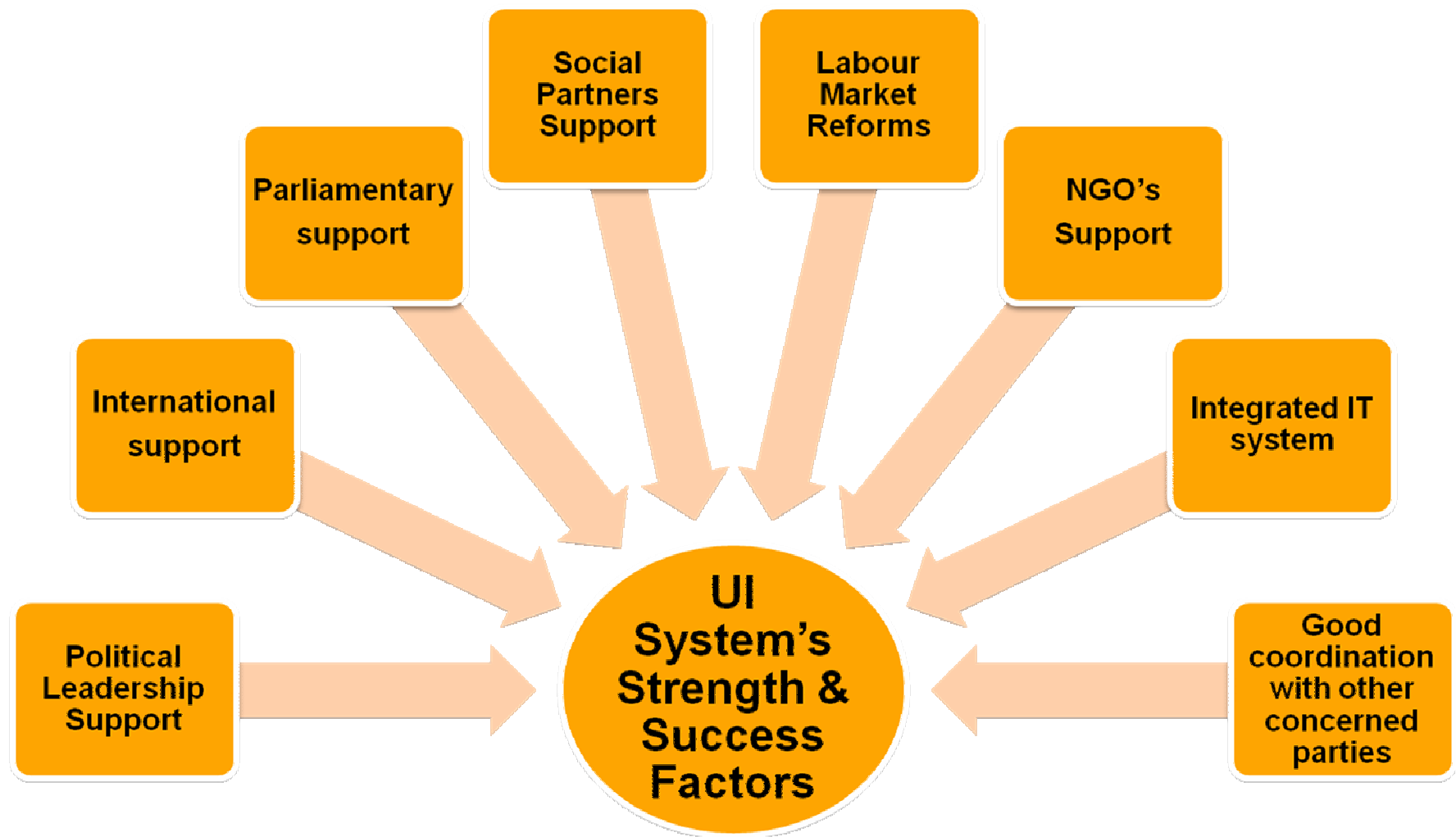
These positive Results include:

- Completing the Social Protection System in The Kingdom of Bahrain by providing the financial resources to cover jobseekers through the hardship of being unemployed,
- Success in monitoring and specifying Unemployment Rate in the Kingdom objectively according to International Labour organization ILO standards,
- Issuing a monthly and quarterly bulletin, announcing the Unemployment Rate publicly,

Unemployment Insurance's Positive Results

- Clearly identifying the unemployed people, and this enables the ministry to monitor and study this group of people in a better way. (The Ministry has found out that unemployment is highest among graduate females of human sciences qualifications),
- Focusing the training and employment opportunities offered by The Ministry of Labour to those who fit the Unemployment definition, which have been emphasized by the Unemployment Insurance eligibility assessment, and
- Proving the success of the of The Unemployment Insurance System in Bahrain during the 2008 global economic crisis.

Elements of UI's Strengths and Success



Challenges Facing UI System:

- Changing the culture; being a welfare state makes it difficult for the public to accept the concept of participating in such fund, as they consider it one of the government's liabilities.
- Due to jobseekers culture and their understanding of the UI Scheme, most of the them do not accept the idea of visiting the Employment Service Bureau ESB, and do not accept the work opportunities provided by ESB.
- The definition of the appropriate employment opportunity is general and needs to be precisely clarified.

Challenges Facing UI System:

- Enhancing the benefits provided through the UI Scheme, at the economic crisis that the world is going through now (increasing the amount and prolonging the benefits payment period as it is going to be more difficult to find a job during the first six months). Such economic crisis would reduce the income of the fund as contributions will be decreased due to the rise in unemployment rates where on the other side the cost on scheme will increase also for the same reason, especially that benefits will be paid for longer periods.

Lessons learned:

- The importance of the Social Dialogue and the involvement of the social partners right from the beginning (workers and Employers). their support was crucial for the success of the UI scheme when it was first started in 2007.
- Studying the whole environment before starting the project is one of the major success factors that assist in establishing the UI Scheme in Bahrain; Ministry of Labour conducted a workforce survey in Bahrain for the first time in which the first UI actuarial study was based on.
- A proper PR campaign that focus on the schemes' goals and concept would be a crucial prerequisite to the implementation phase; The public must be aware of the benefits provided by the scheme and the importance of having such scheme.

Lessons learned:

- Continuous improvement of the implementation tools: on March 2009 Ministry of Labour and Social Insurance Organization SIO started the National Employment Certifying Process which helped a lot in increasing the funds income, by eliminating the ghosts employment.
- Seeking International Consultancy which has been provided by ILO, was another success factor. ILO assist us with their long experience in the field. they also provide us with technical support whenever needed.

Financial Sustainability of the UI scheme:

- The UI Law states that UI accounts need to be examined and audited by an actuary on a regular basis in order to increase the minimum and maximum amounts of benefits in case a surplus is being detected according to the actuary's report.
- If a deficit is noted in the actuary's report, the UI law states that the government should cover such deficit from the State's Budget or alternatively, an increase in the subscriptions paid by the employers, employees, Government should be imposed.
- Though, the few previous years showed a decline in the global economies the SIO statistics showed a steady increase in the number of works in the private sector in Bahrain, which resulted positively in increasing the UI funds.



Thank you