

Recipients of out-of-work benefits

Cash transfers for working-age people provide a major income safety net in periods of high unemployment. In most countries two different layers of support can be distinguished: a primary out-of-work benefit (generally unemployment insurance benefits); and a secondary benefit (unemployment assistance or minimum-income benefits such as social assistance) for those who are not or no longer entitled to insurance benefits.

In 2012, the shares of working-age individuals receiving primary out-of-work benefits were highest in Belgium, France, Finland, Spain, Portugal and Australia, with rates above 4% (Figure 5.12). At the other end of the spectrum, in Turkey, the United Kingdom, Japan, Hungary and Korea, less than 1% received unemployment insurance payments. On average, 2.3% of the working-age population received primary out-of-work benefits in the OECD. There is no nation-wide unemployment insurance programme in Mexico.

The large variation in the numbers in part reflects labour market conditions and partly the design of social benefit systems. Low participation in unemployment insurance programmes reduces coverage among the unemployed. An example is Chile, where unemployment insurance is organised as an individual saving scheme and take-up is voluntary. In Sweden, where unemployment insurance membership is voluntary, recipient numbers dropped despite rising unemployment. **Between 2007 and 2012, benefit receipt increased most in Spain, Portugal, Finland, the United States and Slovenia** (Figure 5.12), all countries where unemployment soared during the economic crisis.

Receipt of secondary out-of-work benefits also increased between 2007 and 2012 (Figure 5.13, Panel B). Rising long-term unemployment and increasing joblessness among people without access to insurance benefits led to a substantial rise in Lithuania, Ireland, Latvia, the United States (Supplemental Nutrition Assistance Program, SNAP) and Spain. Receipt rates dropped somewhat in the Czech Republic (due to stricter conditions in access to minimum income benefit) and in Germany (due to more favourable labour-market developments).

By 2012, on average about 4% of the working-age population received secondary out-of-work benefits. Receipt rates were highest in Ireland, the United States, Lithuania and Finland (Figure 5.13, Panel A) and lowest in Chile, Belgium, Korea and Japan. The composition of these safety nets differs across countries. Social assistance dominates in Mexico (*Prospera*) and the United States (SNAP and Temporary Assistance for Needy Families, TANF). Unemployment assistance is important in Ireland, Germany, Spain and the United Kingdom. Australia, Iceland and New Zealand also provide targeted income support to a large number of lone parents. In Chile, Turkey and Italy, there is no nation-wide minimum income benefit.

Out of work benefit are often less accessible to young people. Only around 30% of all unemployed young people receive unemployment benefits, while over 40% of all jobseekers aged 30 and over are covered (see Chapter 1 and

Figure 1.23). Consequently, social safety nets are less effective in fighting poverty among young people than among other adults.

Definition and measurement

Primary out-of-work benefits are those that are typically received during an initial phase of unemployment (unemployment insurance in most countries). Some countries that have no unemployment insurance instead operate means-tested unemployment assistance as the primary benefit. Eligibility for primary benefits typically requires previous employment or insurance contributions. Exceptions are assistance benefits in Australia and New Zealand, which are not conditional on earlier employment. All primary out-of-work benefits are subject to active job search and related requirements, although implementation and enforcement differs across countries and programmes.

Where unemployment insurance is the primary benefit, unemployment assistance or social assistance provide secondary income support. In addition, many countries operate targeted benefits for specific groups, such as lone parents.

In-work benefits (like partial unemployment insurance or social assistance for individuals who are working) are not included.

Statistics are based on the *OECD Social Benefit Recipients Database (SOCR)*, which covers all main income replacement benefits in 40 EU and OECD countries. Depending on the data made available by countries, SOCR includes caseloads, flows and average amounts of benefits, and currently covers four years (2007-12).

The charts show number of recipients as shares of working-age individuals. Benefits that are awarded at family level (e.g. social assistance) are only counted once per family.

Further reading

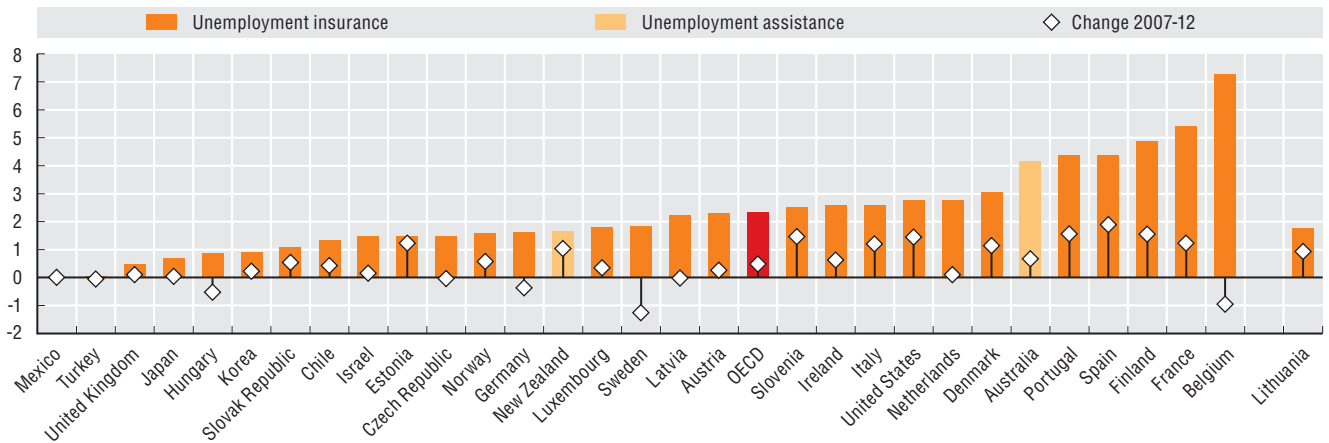
Immervoll, H., S.P. Jenkins and S. Königs (2015), "Are Recipients of Social Assistance 'Benefit Dependent'? Concepts, Measurement and Results for Selected Countries", *OECD Social, Employment and Migration Working Papers*, No. 162, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5jxrcmgpc6mn-en>.

Figure notes

Figures 5.12 and 5.13: Data are missing or incomplete for Greece, Iceland and Poland. For comparability reasons, Canada and Switzerland were also excluded. Countries are ranked from left to right in increasing order of all benefits covered.

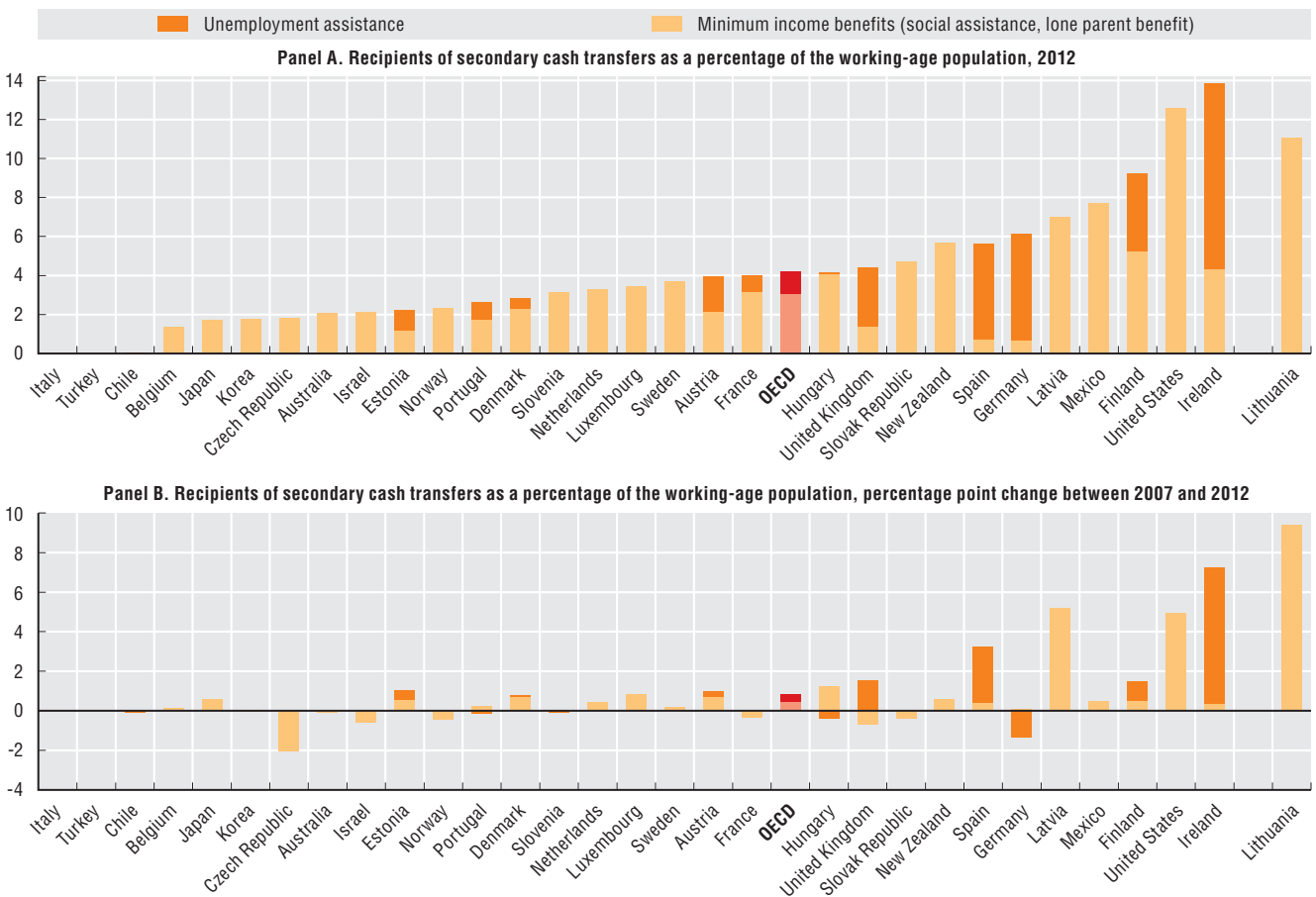
5.12. Increase in recipients of primary out-of-work benefits in most OECD countries since 2007

Number of recipients of primary cash transfers as a percentage of the working-age population, 2012 and percentage point change between 2007 and 2012



StatLink <http://dx.doi.org/10.1787/888933405527>

5.13. Increase in recipients of secondary out-of-work benefits (safety net) in most OECD countries since 2007



Source: OECD Benefit Recipients Database (SOCR), www.oecd.org/social/recipients.htm.

StatLink <http://dx.doi.org/10.1787/888933405535>



From:
Society at a Glance 2016
OECD Social Indicators

Access the complete publication at:
<https://doi.org/10.1787/9789264261488-en>

Please cite this chapter as:

OECD (2016), "Recipients of out-of-work benefits", in *Society at a Glance 2016: OECD Social Indicators*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/soc_glance-2016-20-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.