

► Social Protection Spotlight Brief

December 2025

Building Rights-Based Unemployment Protection Schemes Guidance from ILO Social Security Standards

Key points

- The COVID-19 pandemic has been a stark reminder of the critical role of **unemployment protection schemes** in guaranteeing income security to persons who have lost their jobs and earnings and are seeking employment. Those schemes also played an important role during the COVID-19 pandemic in maintaining consumption and stimulating economic recovery.
- The principles and parameters enshrined in **international social security standards** provide meaningful guidance for the effective implementation of rights-based unemployment protection schemes that take into account the need for coordination with employment promotion objectives.
- The **ILO Social Security (Minimum Standards) Convention, 1952 (No. 102)** defines internationally agreed minimum levels of protection as well as the core principles for the governance, administration and financing for the nine life-course risks which represent the core of comprehensive social protection systems. Part IV of Convention No. 102 sets out the benchmarks applicable to the contingency of unemployment benefits, as regards to coverage, qualifying and waiting periods, level and duration of benefits, for social insurance and tax-funded schemes.
- The **ILO Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)** and its accompanying Recommendation No. 176 are the more advanced standards in the field of unemployment protection. These standards not only increase the level of protection that should be provided to unemployed persons (in terms of coverage, benefit amount and its duration, for example) but also underline the importance of implementing unemployment protection schemes in coordination with employment policies designed to promote full, productive and freely chosen employment.
- The **Termination of Benefits Convention, 1982 (No. 158)** can guide the complementarity between unemployment benefits and termination or separation entitlements.
- **Unemployment protection schemes can play a crucial role at the macro- and microeconomic levels**, including in the aftermath of crises.
- Although the critical importance of such schemes, consideration should be given to the technical and administrative difficulties involved in the planning and introduction of social insurance unemployment mechanisms in countries experiencing high levels of informality and whose social protection systems are insufficiently developed.

► Introduction

As the United Nations agency with the mandate to promote the improvement of rights at work and decent employment, enhance social protection, and strengthen social dialogue on work-related issues, the ILO has worked extensively in the field of unemployment protection since its foundation.¹ Proof of this pioneering work is that the first international instruments dealing with unemployment protection were adopted by the International Labour Conference (ILC) already at its first meeting in 1919 with the Unemployment Convention (No. 2) and subsequently, during the great depression, in 1934 with the Unemployment Provision Convention (No. 44) and its accompanying Recommendation.

However, to keep pace with the changes and trends affecting labour markets worldwide, these first-generation instruments have been revised by subsequent standards. Concretely, ILO constituents have adopted other international instruments relevant to designing and implementing rights-based unemployment protection schemes (see box 1). Notably, in the wake of the Second World War, the Income Security Recommendation, 1944 (No. 67), contributed to the emergence of social security as a central institution of the State. It recognized the need for income security schemes to compensate for earnings lost in case of inability to work or to obtain work, and recommended covering all workers, whether employed, self-employed, urban or rural (ILO 2011, para. 44). Notably, based on this systematization effort, the Social Security (Minimum Standards) Convention, 1952 (No. 102), included unemployment protection as an integral part of life-course contingencies to be protected by social security systems placed under the general responsibility of the State.²

Subsequently, in 1988, the ILO constituents adopted more advanced standards on this subject –the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), and its accompanying Recommendation No. 176. Although based on the same fundamentals as Convention No. 102 in respect of core principles underpinning unemployment protection, these third-generation instruments moved to

understanding social security as part of a broader set of social policies, which include those promoting full, productive, and freely chosen employment (ILO 2011, para. 27). Convention No. 168 increased the scope of protected contingencies as well as the levels of protection when compared to Convention No. 102 and emphasized the importance of coordinating the provision of unemployment benefits with employment programmes and active labour market measures, notably employment services, vocational training, and vocational guidance.³

Currently, the only international standards around unemployment protection that are open to ratification are Convention No. 102 (Part IV) and Convention No. 168. However, even in the absence of a formal ratification, the internationally agreed principles and parameters set out in these standards constitute a primary source guiding the development of effective rights-based unemployment protection schemes as part of comprehensive social protection systems.

These principles include:

- the general responsibility of the State for the due provision of benefits;
- equality of treatment between nationals and non-nationals;
- collective financing of benefits;
- the sufficient level of benefits in terms of income replacement or to secure basic needs;
- the provision of benefits for a sufficient period to serve their purpose;
- the participation of representatives of persons protected persons and of the employers in the administration of the scheme;
- the right to complain and appeal in case of refusal or suspension of the benefit or with respect to benefit quality or quantity.

¹ It can be noted that “the prevention of unemployment” is specifically mentioned in the Preamble of the ILO Constitution.

² For further information, consult Part IV of Convention No. 102.

³ See, for example, Articles 2 and 7 of Convention No. 168.

► **Box 1. International standards for the establishment of unemployment protection schemes**

Unemployment protection is recognized not only as a human right, but also as a social and economic right. It is firmly embedded in key international instruments, including the Universal Declaration of Human Rights (1948) and the International Covenant on Economic, Social and Cultural Rights (1966).

The international human rights framework is complemented by the ILO's up-to-date social security standards, which articulate the principles and parameters that should be considered when designing rights-based unemployment protection schemes. These are:

- the Social Security (Minimum Standards) Convention, 1952 (No. 102) – Part IV;
- the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168);
- the Employment Promotion and Protection against Unemployment Recommendation, 1988 (No. 176);
- the Social Protection Floors Recommendation, 2012 (No. 202).

For further information on the above-mentioned international instruments, consult the publication “Building Social Protection Systems: International Standards and Human Rights Instruments” (ILO 2021a).

The Social Protection Floors Recommendation, 2012 (No. 202), complements the ILO's normative framework by calling for the implementation of national social protection floors as part of comprehensive social security systems, which comprise essential health care and basic

income security guarantees, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, including in case of unemployment (paras 2 and 5(c)).

Echoing Convention No. 168, Recommendation No. 202 specifies that when designing and implementing their national social protection floors, countries should: (i) combine preventive, promotional and active measures; (ii) promote productive economic activity and formal employment through policies that promote education, vocational training, productive skills and employability; and (iii) coordinate with other policies, including those that reduce precariousness and that promote secure work, entrepreneurship and sustainable enterprises within a decent work framework (para. 10).

Having outlined the standards constituting the backbone of the ILO's approach to supporting countries in designing and implementing unemployment protection schemes, this policy brief first discusses the critical role of these schemes, coupled with employment promotion policies, in guaranteeing income security and preventing unemployed persons from falling into poverty. Second, the different types of unemployment protection schemes are briefly described before addressing frequently asked questions concerning the establishment and administration of these schemes. These questions include the coverage, qualifying conditions, duration and level of unemployment benefits, financing, administration and coordination with other policies.

When appropriate, examples showcasing how countries have given effect to the requirements of Convention No. 168 are also provided. The objectives are twofold: first, to increase awareness of this advanced standard and promote its application in national contexts; and second, to offer practical insights to countries embarking on implementing or reforming their unemployment benefit schemes.

► The crucial role of social protection and the momentum of unemployment protection programmes

Despite the fundamental role of social protection in poverty reduction and prevention, as well as in accelerating progress towards achieving several Sustainable Development Goals (SDGs), there are still substantial coverage gaps. In 2024, only 52.3 per cent of

the global population was effectively covered by at least one social protection benefit. Therefore, as many as 3.8 billion people were left wholly unprotected (ILO 2024b).

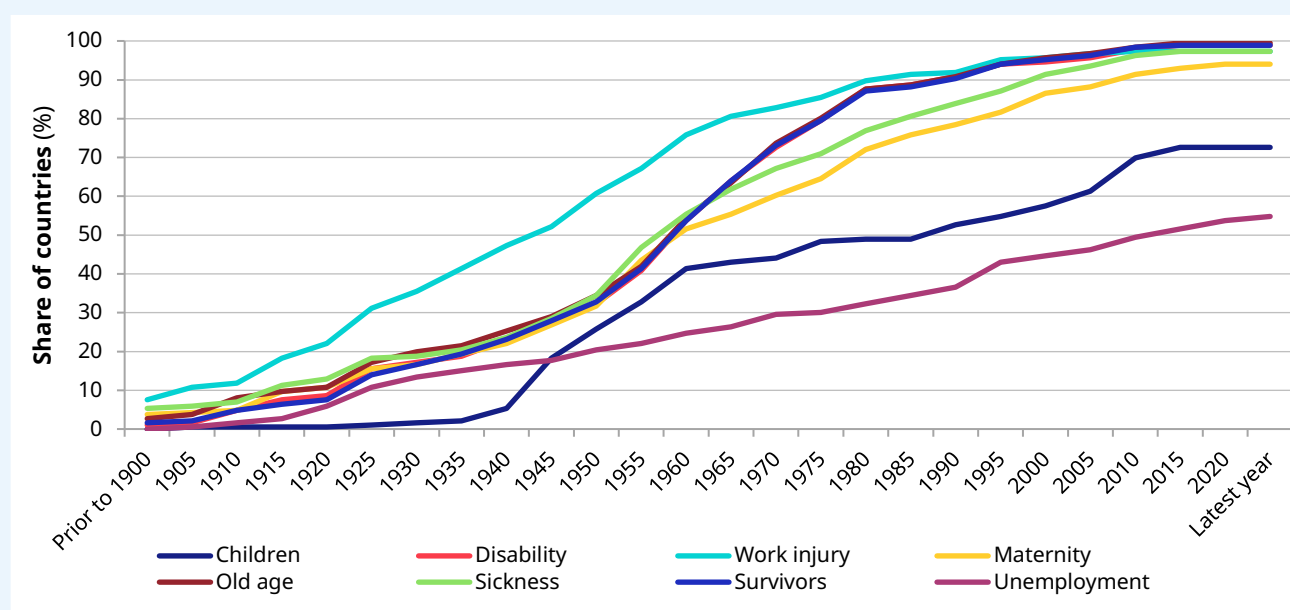
The impacts of the COVID-19 pandemic on businesses and jobs, along with the subsequent inflation periods, have highlighted the crucial role of social protection in mitigating the impact of crisis on workers, enterprises, economies and societies.

Unemployment protection programmes have proven to be efficient in ensuring income security for workers and their families (ILO 2021h) and preventing unemployed workers from falling into poverty and resorting to harmful coping mechanisms, such as engaging in informal employment. Countries with unemployment protection schemes were also able to maintain certain levels of aggregate demand and rebound from the economic slowdown (ILO 2021h). As such, in the aftermath of the COVID-19 pandemic, the introduction and expansion of unemployment protection schemes attracted renewed interest from developed and developing countries alike.⁴

Together with other social protection benefits, unemployment protection schemes represent an essential tool to guarantee income security to individuals and often entire households relying on a single source of

income and, at the same time, promote employment, thereby smoothing consumption and stabilizing aggregate demand (ILO 2017). Often, however, risks of policy failure are significant where informality is widespread and where administrative capacity is limited (Duval and Loungani 2019, Chetty and Looney 2006). Indeed, the technical complexities involved in designing, implementing and administering unemployment protection schemes may explain why, historically, the contingency of unemployment has mostly not been among the initially established social security branches but has been gradually incorporated into national social protection systems in pace with economic and social development (see figure 1). As observed in the ILO 2011 General Survey concerning social security instruments (ILO 2011), while nearly all developed countries have implemented comprehensive social protection systems covering their populations against most contingencies, the social protection systems of many developing countries have yet to address the challenging task of establishing unemployment protection schemes.

► Figure 1. Development of social protection schemes in national legislation by branch, pre-1900 to 2020



Source: ILO (2024b).

⁴ An indication of the renewed interest in unemployment protection is the introduction and temporary expansion of unemployment benefits as of 2019, including in China, Colombia (re-introduction), France, Germany, Grenada, Indonesia, Japan, Spain and the United States.

An analysis of the development of national legal frameworks and the introduction of statutory social security schemes, by branch (see figure 1), confirms that, typically, countries tend to build their social protection sequentially, usually starting by addressing employment injury contingencies, then moving on to introduce old-age pensions, as well as disability and survivors' benefits, followed by sickness, health and maternity protection. Benefits for children and families, and unemployment benefits, typically come last (ILO 2021h, 45).

For example, while 153 countries – out of the 195 countries for which data are available – have implemented social insurance old-age pensions, either as the only mechanism of protection or in combination with other contributory or non-contributory schemes, only 93 countries have established an unemployment protection scheme in law

(ILO 2024b).⁵ Therefore, as suggested by Recommendation No. 176, countries facing high rates of informality and whose social protection systems and administrative capacities are not sufficiently robust to implement and monitor participation in activation policies as required by contributory unemployment protection schemes should first seek to further develop their systems in respect of other easier to implement social security branches before exploring the introduction of an unemployment insurance scheme. In the meantime, non-contributory (tax-financed) schemes that are well coordinated with employment and active labour market policies, can play a key role in securing at least a basic level of income security, and in facilitating the transition into (formal) employment (ILO 2024b).

► Types of unemployment protection schemes⁶

Before diving into some of the frequently asked questions regarding the design and implementation of robust unemployment protection schemes in line with a rights-based approach, it is important to note that protection against the risk of income loss can take different forms. Indeed, the following mechanisms are types of unemployment protection schemes recognized in ILO Social Security Standards:

- **Unemployment protection schemes**, which can be organized through contributory (social insurance) or tax-financed non-contributory mechanisms directed to all residents or those whose means are below a threshold prescribed in the national legislation;
- **Employment retention schemes** that provide full or partial income replacement in case of a temporary suspension of work without any break in the employment relationship. These schemes are

sometimes referred to as partial unemployment and wage subsidy schemes; and

- **Government-financed employment programmes**, also known as public employment programmes (PEPs) or employment guaranteed schemes, which focus on providing public goods and services to generate employment opportunities.⁷

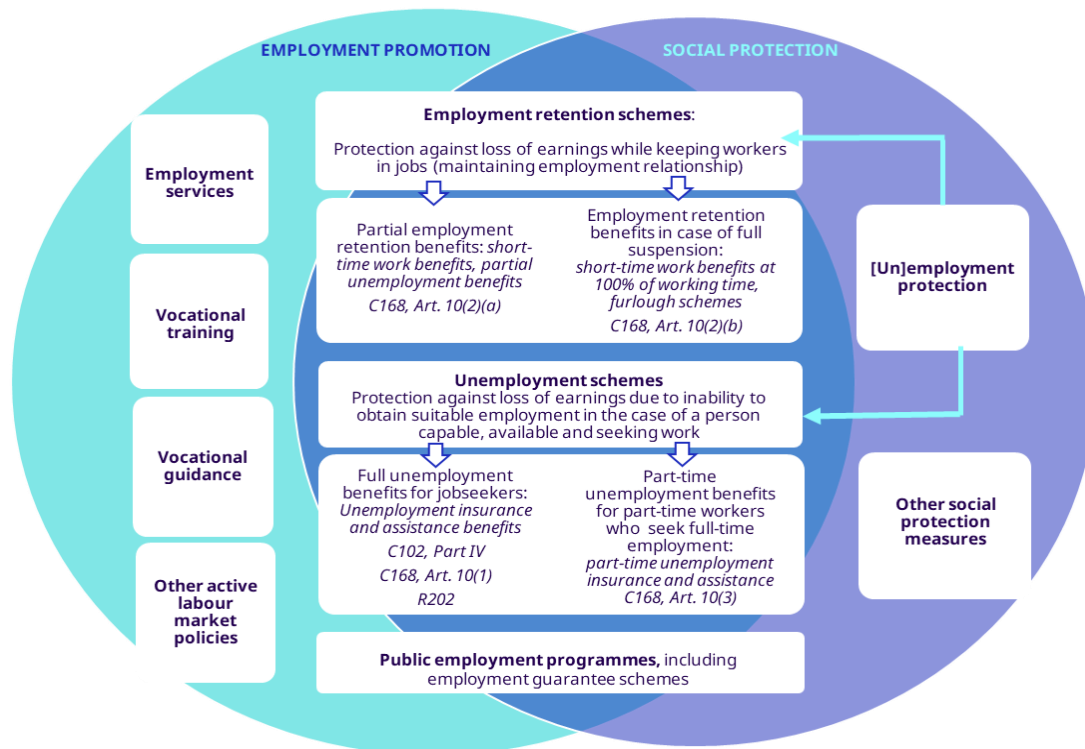
Figure 2 depicts the articulation between the above-mentioned social protection and employment policies in line with ILO Social Security and Employment Standards, in particular Conventions Nos 122 and 168, which were adopted under a premise shared by governments, employers and workers from around the world that the real solution to unemployment was not the financial compensation for unemployment only, but also the promotion of both additional job opportunities and employment assistance (ILO 1987, para. 6).

⁵ This number includes social insurance and non-contributory schemes. For further information on aggregated data on legal and effective coverage of unemployment benefits, consult [ILO 2024b](#).

⁶ This section is largely based on ILO 2021h, 155-156.

⁷ For further information, see [ILO \(2021f\)](#) and [McCord et al. \(2024\)](#).

► Figure 2. Articulation between social protection and employment promotion



Source: ILO (2021h).

It can be noted that a few countries have opted for **Unemployment individual savings accounts (UISA)**, which require workers, mostly formal-sector employees, to accumulate savings they can later use in case of unemployment. However, without risk-pooling, such savings mechanisms provide only limited protection for those most at risk of losing their jobs, such as unskilled workers or young workers (Duval and Loungani 2019, OECD 2010, Peyron Bista and Carter 2017, ILO 2024a). This risk is especially pronounced in emerging and developing economies, where a substantial share of the labour force already faces a high risk of working poverty and unstable earnings while employed, and would, therefore, not have adequate income support in case of job loss (ILO 2017; ILO 2024a). For these reasons, this mechanism is questionable from the point of view of the principles recognized by ILO social security standards, such as collective financing, the principle of predictability of benefits, and the guarantee to access benefits upon completion of a qualifying period (ILO 2017, 45).

In parallel or complementary to social security protection in case of unemployment, national legal frameworks often establish an entitlement of workers to separation payments. They encompass severance pay in case of employment termination at the employer's initiative (in line with Convention No. 158) and redundancy payments arising from terminating a worker on economic grounds, such as redundancy or restructuring. Unlike unemployment protection schemes, which are financed collectively by way of contributions or taxation, separation payments are not linked to the objective of employment promotion and do not consider the possible duration of the unemployment spell. Moreover, the financial burden of these payments is placed entirely on the employer, which often leads to delays or non-payment, especially if the separation occurs in times of economic distress and business closure.

► Unpacking some of the key provisions contained in Convention No. 168

Based on key provisions in Convention No. 168, this section addresses some frequently asked questions that arise within the framework of technical support provided to ILO constituents for designing, implementing, or reforming their unemployment protection schemes.

What are the objectives of unemployment protection schemes?

Undoubtedly, the income replacement function of unemployment benefit schemes has been well established in international social security standards, including Convention No. 102. By emphasizing the combination of cash benefits and employment services and related measures such as wage subsidies, Convention No. 168 goes beyond the traditional concept of providing benefits for a defined set of contingencies ranging from partial to full unemployment, or interruptions of work without a break in existing employment relationships into a much wider concept of ensuring a comprehensive policy response to the two concomitant objectives of employment promotion and protection against unemployment (ILO 2011, para. 98). Thus, the adoption of Convention No. 168 showed employment policy and unemployment protection must be seen in a dynamic, dialectical relation.

Indeed, Article 2 of Convention No. 168 stipulates that countries shall take appropriate steps to coordinate their unemployment protection scheme with their employment policy, including by ensuring that the former, particularly the methods of providing unemployment benefit, contribute to the promotion of full, productive and freely chosen employment. Therefore, the Convention is built on the premise that for unemployment protection schemes to be effective, instead of merely compensating workers for a loss of income, they must contribute to promoting employment⁸ and support active labour market policies (ALMPs).

Article 2 further stipulates that countries shall seek to ensure that the methods of providing unemployment benefit are not such as to discourage employers from offering and workers from seeking productive employment. This provision reflects an agreement that the systems should ensure that both workers and employers are provided with an incentive to actively seek suitable employment, but workers are not forced to accept any job, such as those for which they may be overqualified, simply to ensure their livelihood (ILO 1988, 9).

Therefore, Convention No. 168 and Recommendation No. 176 underscore the complexity of designing and implementing a system of unemployment protection that effectively balances the following three concomitant core elements:⁹

- **The need to promote employment**, including through incentives that encourage a swift reintegration into the labour market, thereby minimising the duration during which unemployment benefits serve as income replacement.
- The equally fundamental requirement of **ensuring adequate means of subsistence** through collectively financed social security mechanisms to job seekers and those experiencing temporary, partial, or total suspension of employment.
- The importance of **fostering effective social dialogue** by implementing these measures in consultation and cooperation with the organizations of employers and workers, as required by Article 3 of Convention No. 168.

But, in practice, how can these schemes promote full, productive and freely chosen employment?

The effectiveness of unemployment protection schemes depends not just on their design, but also on the implementation of complementary employment policies, including those aimed at reducing informality. Empirical evidence shows that many advanced and emerging

⁸ The role of unemployment benefits in the promotion of employment was recognized several times in the preparatory documents for adopting Convention No. 168. See, for example, the *Report of the Committee on Employment and Social Security: first discussion in plenary*, ILC. 73rd session, 1987. Geneva: ILO.

⁹ The importance of a complementary approach was emphasised during the preparatory work for these instruments, notably in ILO (1987, 5).

economies have long recognized the importance of coordinating unemployment benefits with active labour market policies, such as job-search support and matching, counselling, vocational training, and retraining to cushion income losses, maintain people's attachment to the labour market, and facilitate employment (ILO 2020a).

For example, most countries have established Public Employment Services (PES) to promote labour market participation, provide labour market information, and facilitate job transitions in a manner consistent with the objectives set out in Conventions Nos 168 and 122, namely, the promotion of full, productive and freely chosen employment. This is the case in Argentina, where the Employment Service Network (*Red de Servicios de Empleo*) under the Ministry of Labour, Employment and Social Protection was created in 2005 to provide individuals with more and better opportunities to access the labour market. A network of more than 580 employment centres provides training services, skills certification, counselling, job orientation workshops, and a range of services, such as registration of vacancies, pre-screening, and job matching for employers.¹⁰ The Network's services are free of charge and are provided in coordination with the National Social Security Administration, which is the institution that administers unemployment benefits.

By coordinating the provision of income security with articulated strategies and services aimed at maintaining the individuals' attachment to the labour market and increasing their employability (e.g., training, retraining and upskilling), unemployment protection schemes offer protection during the initial period of unemployment so that unemployed persons are not obliged to take up unsuitable jobs (ILO 2011, para. 226).

As such, coordination is key to promote full, productive and freely chosen employment by all appropriate means, including social security, as envisaged by Convention No. 168. This includes coordination with special programmes that promote additional job opportunities, where they are established. Such programmes should encourage employment opportunities for identified categories of disadvantaged persons having or liable to have difficulties in finding lasting employment, such as women, young workers, disabled persons, older workers, the long-term unemployed, migrant workers lawfully resident in the country, as well as workers affected by structural change (Article 8). A system of protection against

unemployment should include social benefits to be established for new applicants for employment (Article 26), as well as subsidies granted to enterprises in order to safeguard employment (Article 30).

The crucial importance of securing complementarity and coherence between social protection and employment policies was also recognized in the Resolution concerning the second recurrent discussion on social protection (social security) (ILO 2021g), which calls on ILO Member States to:

►► ... complement social protection, including unemployment protection, with active inclusion and labour market policies, including high-quality public employment and social services, as well as lifelong learning, skills development and vocational training and incentives for enterprises to facilitate work transitions and build more inclusive labour markets and social protection systems, with special attention to marginalized groups...

Employment promotion measures should also be available for workers who have lost their income and are not or no longer covered by unemployment insurance schemes (ILO 2020c). In these cases, coordination between social assistance and employment promotion measures can take the form of state-sponsored employment schemes, such as public employment programmes and employment-guarantee schemes.¹¹ An example of a public employment

¹⁰ See <https://www.argentina.gob.ar/trabajo/mapa-oficinas>.

¹¹ For further information, see ILO (2020b) and McCord et al. (2024).

programme¹² is the Productive Safety Net Programme in Ethiopia, which provides payments to physically fit persons in exchange for their participation in labour-intensive public works focused on the development of community assets (e.g., roads, water infrastructure, schools, and health care centres) and integrated community-based watershed development, such as measures for soil and water conservation and rangeland management.

Regarding employment guarantee schemes, India's Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provides a legal entitlement to 100 days of work per year for rural households. Enacted in 2005, the scheme has played a significant role in macroeconomic stabilisation, acting as an automatic stabiliser by sustaining consumer demand during economic downturns – most notably during the COVID-19 crisis (McCord et al., 2024).

Typically, public work programmes and employment guaranteed schemes target low-skill and vulnerable workers. Still, the Greek government's Kinofelis programme seeks to connect unemployed persons, especially the long-term unemployed, including highly skilled and more experienced workers, with the labour market. Notably, the programme provides beneficiaries with an eight-month contract, a monthly salary equal to the minimum wage, access to social security (e.g., sickness, maternity benefits, and contributions to the pension system), counselling and optional training in Information Technology (Antonopoulos 2021; ILO 2018a).

In short, for unemployment protection schemes to serve their purpose, the broader institutional framework in which they operate must be sound. This means achieving effective coordination and coherence between unemployment protection schemes and employment policies, including active labour market policies, public employment programmes, and employment guaranteed schemes so that individuals can find suitable work as soon as possible.

And, what exactly constitutes “full, productive and freely chosen employment”?

As mentioned above, according to Article 2 of Convention No. 168, which itself reiterates the objective established by Article 1 of the Employment Policy Convention, 1964 (No. 122): ***each member shall seek to ensure that its system of protection against unemployment, and in particular the methods of providing unemployment benefit, contribute to the promotion of full, productive and freely chosen employment.*** As observed in the 2010 General Survey concerning employment instruments,¹³ while most countries have either legislation and/or policies on key elements of employment policy, there is a deficit in monitoring and evaluation of employment policies and programmes. Also, most countries, including many industrialized ones, clearly appeared to understand the term “employment policy” in a narrow sense, to mean only the activities that are typically within the remit of ministries of labour, such as active labour market policies and employment services, whereas a broader approach includes mainstreaming the objective of full employment in macroeconomic, trade, investment and industrial policies. In addition, the Committee of Experts on the Application of Convention and Recommendations (CEACR) noted that most developing countries do not appear to have strong institutions for the integration of employment policy into overall development strategies or economic and social policies.

In this regard, the CEACR has recalled that the primary objective of promoting full, productive and freely chosen employment is also closely linked with the concept of suitable work, which aims to ensure that unemployed persons are directed initially towards employment in which their skills and qualifications are used in the most productive and effective way for the benefit of society as a whole (ILO 2011, para. 130).

¹² Other examples of public works' programmes are Mozambique's *Programa Acção Social Produtiva*, New Zealand's Jobs for Nature programme, Seychelles Unemployment Relief Scheme, South Africa's Expanded Public Works Programme, and Tanzania's Productive Social Safety Net, which has a labour-intensive public works component.

¹³ For further information, consult the *General Survey concerning employment instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization, Report III (Part 1B), International Labour Conference, 99th Session, 2010.*

What does “suitable employment” mean concretely? And how can the suitability of employment be assessed?

Although Convention No. 168 does not explicitly define the term **suitable employment**, it provides the following criteria for the public authority of each country to assess the suitability of employment “(...) account shall be taken, in particular, under prescribed conditions and to an appropriate extent, of the age of unemployed persons, their length of service in their former occupation, their acquired experience, the length of their period of unemployment, the labour market situation, the impact of the employment in question on their personal and family situation and whether the employment is vacant as a direct result of a stoppage of work due to an ongoing labour dispute” (Article 21(2)).

Recommendation No. 176 provides further clarity regarding the criteria that should be considered when determining employment suitability. Concretely, paragraph 14(1) provides that: The concept of suitable employment should, under prescribed conditions, not apply to:

- (a) employment involving a change of occupation which does not take account of the abilities, qualifications, skills, work experience or the retraining potential of the person concerned;
- (b) employment involving a change of residence to a place in which suitable accommodation is not available;
- (c) employment in which the conditions and remuneration are appreciably less favourable than those which are generally granted, at the relevant time, in the occupation and district in which the employment is offered;
- (d) employment vacant as a direct result of a stoppage due to an ongoing labour dispute;
- (e) employment such that, for a reason other than those covered in clauses (a) to (d), and with due regard to all attendant circumstances, including the family responsibilities of the person concerned, the refusal of the employment is not unreasonable.

Paragraph 14(2) further provides that “In assessing the criteria specified in clauses (a) to (c) and (e) above, account should be taken in general of the age of the unemployed persons, of their length of service in their former occupation, of their acquired experience, of the duration of

their unemployment, of the state of the labour market and of the repercussions of the employment on their personal and family situations”.

Given the centrality of the notion of suitable employment for the design and implementation of unemployment protection schemes, the 2011 General Survey noted that besides the economic goal of preserving the overall quality of a workforce that takes maximum advantage of available skills and talents, the concept of suitable employment fulfils the no less important social goal of preserving workers against compulsion and affront to their human dignity occurring when they are forced to perform work below their level of education and skills (ILO 2011, para. 225).

Therefore, when developing, reforming and applying the rules for entitlement and suspension, withdrawal or reduction of unemployment benefits, countries shall bear in mind the concept of suitable employment to avoid forcing recipients to take up any job and to comply with the principle of freedom of choice of work.

For example, in Canada, the provision of unemployment benefits depends on the individual’s being capable and available for work; however, the legislation does not presuppose that claimants shall seek and accept employment that is not suitable. Notably, Section 6(4) of the Employment Insurance Act provides that employment is not suitable employment for a claimant if (a) it arises in consequence of a work stoppage attributable to a labour dispute; (b) it is in the claimant’s usual occupation and is either at a lower rate of earnings or on conditions less favourable than those observed by agreement between employers and employees or, in the absence of any such agreement, than those recognized by good employers; or (c) it is not in the claimant’s usual occupation and is either at a lower rate of earnings or on conditions less favourable than those that the claimant might reasonably expect to obtain, having regard to the conditions that the claimant usually obtained in their usual occupation, or would have obtained if they had continued to be so employed.

Which contingencies should be covered by unemployment protection schemes?

Regarding the covered contingencies, Article 10 of Convention No. 168 stipulates that benefits shall be provided in case of **full unemployment**, defined as “the loss of earnings due to inability to obtain suitable employment in the case of a person capable of working, available for work and actually seeking work”. In addition,

Article 10(2) and (3) of Convention No. 168 provides that States shall endeavour to extend the protection to cover:

- (a) loss of earnings due to partial unemployment (i.e., temporary reduction in the normal or statutory hours of work)
- (b) suspension or reduction of earnings due to a temporary suspension of work, without any break in the employment relationship for reasons of, in particular, an economic, technological, structural or similar nature; and
- (c) the loss of earnings for part-time workers who are seeking full-time work.

The role that unemployment protection schemes can play in supporting structural transformation is particularly relevant in the context of a just transition towards environmentally sustainable economies and societies (ILO 2024b; ILO 2023, para. 21(l); ILO 2015). This includes, for example, support a just transition for workers who lose their jobs in the shift to a more environmentally sustainable economy, and cash transfer programmes can compensate for the loss of income experienced by households as a consequence of structural changes resulting from the implementation of green policies (ILO 2019, para. 36; ILO 2018b).

In comparative practice, the definition of unemployment that gives entitlement to social security benefits varies from one country to another. However, most schemes provide protection only in cases of full-time unemployment.

In the 2011 General Survey, it was noted that while coverage of the contingency of full unemployment defined in Article 10(1) is obligatory, for the three additional contingencies mentioned above, countries “shall endeavour” to extend the protection of the Convention. The fact that contingencies other than full unemployment are not covered by national legislation is not an obstacle to ratification, so long as the Government considers ways and means to progressively extend coverage to these contingencies in the future (ILO 2011, para. 100).

In Cabo Verde, for example, the unemployment insurance scheme introduced in 2016 provides temporary income support in case of involuntary unemployment, which includes three circumstances: termination of employment at the initiative of the employer; expiration of a contract that is not a consequence of being awarded an old-age, disability, or work injury pension; and rescission of a

contract at the initiative of the employee when there is a just cause.¹⁴

Indeed, new and more flexible forms of work are generally less well protected in case of unemployment. In many countries, workers with fixed-term contracts or in other forms of temporary employment are either not covered or covered based on more stringent conditions than without-limit of time employment contracts (see Box 2). Although not an exhaustive list, the legal frameworks of unemployment protection schemes in France, Portugal, Spain, South Africa, Thailand, and Viet Nam include the termination or not renewal of a fixed-term contract as valid reasons for benefit entitlement.

In this regard, it is important to emphasise that the CEACR has underlined that the notion of “involuntary unemployment” includes persons whose fixed-term contract has expired and those who have been dismissed for economic reasons (ILO 2021c).

For example, in France, the unemployment insurance scheme provides an income replacement benefit (*allocation d'aide au retour à l'emploi*) to unemployed persons who meet a prescribed qualifying period, are physically fit for work, registered as jobseekers, and looking for a job. The definition of involuntary unemployment encompasses the loss of employment due to dismissal; end of a fixed-term employment contract, including in particular the defined-object contract (*contrat à durée déterminée* – CDD), or an assignment contract; early termination of a fixed-term employment contract at the initiative of the employer; breach of employment contract resulting from prescribed causes, including dismissal for economic reasons and technological changes,¹⁵ and in cases of resignation with good cause (e.g., harassment, change of residency to follow a spouse, non-payment of wages, etc.).

Who should be covered by such schemes?

International social security standards set clear, progressive benchmarks for who, at a minimum, should be covered by unemployment schemes, primarily defined by ILO Conventions Nos 102 and 168. The minimum standard (Convention No. 102) offers flexibility, requiring a Member State to protect either prescribed classes of employees constituting at least 50 per cent of all employees or all residents subject to a prescribed means test. Convention

¹⁴ Cabo Verde, *Decreto-lei no. 15/2015, de 7 de março*, art. 9.

¹⁵ France, Decree No. 2019-797 of July 26-2019, concerning the unemployment insurance scheme, Section 2, para. 1.

No. 168 focuses coverage of employees under unemployment protection schemes, but it increases the quantitative benchmark established by Convention No. 102. Concretely, the advanced standard requires that the persons protected shall comprise prescribed classes of employees, constituting not less than 85 per cent of all employees, including public employees and apprentices (Article 11(1)). It can therefore be noted that unlike Convention No. 102, Convention No. 168 specifically includes apprentices and public employees. However, on account of their employment security, public employees whose employment up to the normal retirement age is guaranteed by national laws or regulations can be excluded from coverage (Article 11(2)). Indeed, the comparative practice shows that public workers traditionally benefit from legal safeguards securing their employment stability. However, including public-sector employees under the scope of unemployment insurance schemes can be regarded as a good practice to increase the risk pooling principle of social protection systems.

Empirical evidence suggests that worldwide, several schemes have incorporated public sector workers and certain civil servants within the scope of application of unemployment insurance schemes. According to an ILO study, ten out of 15 advanced economies (66.7 per cent of the countries) and 12 out of 17 emerging economies (70.6 per cent) with available information extend the coverage of UI benefits to public-sector workers (Asenjo and Pignatti 2019). For example, in China, the unemployment insurance scheme covers employees working in urban enterprises and institutions, which comprise state-owned enterprises, collectively owned enterprises, enterprises with foreign investment, privately owned urban enterprises, and other enterprises in urban areas.¹⁶ While unlike Convention No. 102, Convention No. 168 does not provide a minimum benchmark for the compliance of non-contributory schemes, it maintains structural flexibility by providing guidance for schemes that cover all residents subject to a means test, ensuring systems which are based on residence rather than prior contributions – can ratify Convention No. 168 and comply with adapted benchmarks (Articles 12(2), 15(1)(b), 16). Convention No. 168 not only establishes a minimum

benchmark for the share of the population that should be covered, but also introduces an innovative framework for the progressive expansion of protection to achieve comprehensive social security for all persons seeking work. It explicitly recognizes the need to support jobseekers who are typically excluded from traditional contributory unemployment insurance schemes, i.e. workers outside an employment relationship. The Convention thereby identifies ten such categories,¹⁷ including young people completing their studies or vocational training, formerly self-employed persons, and individuals re-entering the labour market after periods devoted to childcare or caregiving. These groups often lack the employment history or contribution record required to qualify for standard unemployment insurance, which is often designed to compensate for loss of prior earnings. Accordingly, the Convention mandates that at least three of these ten categories must receive social benefits. These benefits may be delivered not only through unemployment insurance, but also via unemployment assistance, general social assistance, or guaranteed minimum income schemes. In line with the principle of progressive realization, Article 26(3) of the Convention further recommends that countries endeavour to progressively extend existing unemployment benefits and services to more categories of persons seeking work.

Finally, it can be noted that Article 5 of Convention No. 168 encompasses flexibility clauses that allow countries to avail themselves of certain temporary exceptions, including regarding the coverage of their unemployment protection system. Concretely, replicating the minimum requirement of Convention No. 102 in terms of personal coverage, the scope of application of the Convention may be temporarily limited to prescribed classes of employees constituting not less than 50 per cent of all employees, or in cases where specifically justified by the level of development, to 50 per cent of all employees in industrial workplaces employing 20 persons or more.

¹⁶ China, Decree No. 258 of the State Council of People's Republic of China (January 22, 1999, as amended) on Unemployment Insurance Regulations, Art. 2.

¹⁷ Article 26, Convention No. 168: (a) young persons who have completed their vocational training; (b) young persons who have completed their studies; (c) young persons who have completed their compulsory military service; (d) persons after a period devoted to bringing up a child or caring for someone who is sick, disabled or elderly; (e) persons whose spouse had died, when they are not entitled to a survivor's benefit; (f) divorced or separated persons; (g) released prisoners; (h) adults, including disabled persons, who have completed a period of training; (i) migrant workers on return to their home country, except in so far as they have acquired rights under the legislation of the country where they last worked; (j) previously self-employed persons.

What is the situation of self-employed workers as regards protection against unemployment?

It is noteworthy that despite the general goal that social insurance should protect all employed and self-employed persons, current international social security instruments¹⁸ do not specifically mandate unemployment coverage for the self-employed other than through the possible provision of social benefits as described above. Therefore, ILO social security Conventions do not require but invite the extension of coverage against unemployment to self-employed persons.¹⁹

As mentioned above, both Convention No. 102 and Convention No. 168 focus of the protection of at least a prescribed percentage of employed persons (i.e., 50 per cent of all employees in Convention No. 102 or 85 per cent of employees in Convention No. 168), a category that does not include the self-employed.

The Income Security Recommendation No. 67 also recognizes the difficulty of insuring self-employed persons against the risk of unemployment. It calls for self-employed persons to be insured against the contingencies of invalidity, old age and death under the same conditions as employed persons as soon as the collection of their contributions can be organised. The Recommendation further invites countries to give consideration to the possibility of insuring them also against sickness and maternity necessitating hospitalisation, sickness which has lasted for several months, and extraordinary expenses incurred in cases of sickness, maternity, invalidity and death (para. 21).

This normative exclusion exists primarily due to the practical administrative challenges of verifying unemployment status for this group, given the traditional design of schemes focuses on the involuntary loss of earnings due to the inability to obtain suitable employment. This definition is inherently difficult to apply to the self-employed, whose income fluctuations and

cessation of activity are complex to verify. Convention No. 168 therefore reflects a growing trend where countries are actively exploring ways to extend unemployment protection to this category of worker.

A growing number of countries have recently extended unemployment insurance to self-employed workers coverage often remains voluntary²⁰. Among these countries, Cyprus, Mauritius, Portugal, and Spain have included specifically designed mechanisms to facilitate the extension to self-employed persons, particularly, to capture information on their contributory capacities and employment status.

It should, however, be observed that extending the coverage of unemployment protection schemes to the so-called “difficult-to-cover” groups²¹ through complementary contributory and non-contributory mechanisms is less common in emerging and developing economies, making Mauritius an interesting outlier. Notably, the Transition Unemployment Benefit – provided under the Workfare Programme – is a social insurance benefit provided to workers who were previously employed full-time for at least 180 continuous days with the same employer and meet prescribed qualifying conditions, including regarding their participation on ALMPs.²² On the other hand, the Unemployment Hardship Relief is a tax-financed means-tested benefit available to unemployed workers with dependents (a spouse, child, or severely disabled family members) whose means are below a prescribed level and meet residence conditions.²³

Implementing such protection requires schemes to carefully address the unique nature of self-employment, including defining and verifying the cessation of business activity, adapting financing and eligibility criteria, and designing benefits and services tailored to their specific needs. Extending coverage to the self-employed also requires a solid information management system and progressive extension due to the vast heterogeneity of economic situations across self-employment.

¹⁸ Convention No. 102, Convention No. 168, Recommendation No. 67, and Recommendation No. 176.

¹⁹ For further information, see ILO 2021e.

²⁰ ILO, World Social Protection Report 2024-2026: Universal Social Protection for Climate Action and a Just Transition, Geneva: ILO, 2024, Part 4.2.6.

²¹ This term includes specific groups of workers that in many countries represent a significant share of workers in the informal economy, such as domestic workers, agricultural workers, self-employed and owned-accounted workers, workers in small and micro enterprises, and construction workers. See: <https://www.social-protection.org/gimi/Emodule.action?id=62>.

²² At registration, participants are required to choose between receiving job-matching support from the public employment services or assistance from the Small and Medium Enterprises Development Authority (SMEDA) for setting up a new business. See: <https://labour.govmu.org/Pages/Labour-and-Industrial-Relations.aspx>.

²³ For further information, consult Part VII of the Workers’ Rights Act 2019 (Act No. 20 of 2019), as amended in 2020 and 2021, and the Unemployment Hardship Relief Act.

And how should unemployment protection schemes be financed?

Recognizing that countries use different mechanisms to secure their population's right to social security, Article 12(1) of Convention No. 168 specifies that each country may choose the method or methods of protection to give effect to its provisions, whether by a contributory or non-contributory scheme or by a combination of such mechanisms. In this regard, Convention No. 102 specifies that the cost of the benefits as set out in the Convention, including unemployment benefit, should be borne collectively by way of insurance contributions or taxation or both in a manner which avoids hardship to persons of small means and takes into account the economic situation of the Member and of the classes of persons protected (Article 71(1)).

As such, employer-liability arrangements such as separation benefits paid directly to workers or via deposits in an individual savings account²⁴ to compensate for the termination of an employment relationship, do not fall within the scope of the permitted financing methods.

When it comes to the financial burden of implementing unemployment protection schemes, the comparative practice shows that the three most common approaches are contributions paid jointly by workers and employers, followed by contributions borne by employers only, and tripartite contributions.²⁵ Likewise, contributions are often supplemented by subsidies paid by federal or regional governments.

Notably, some countries have implemented differentiated contribution rates for employers who hire workers under fixed-term contracts in recognition of the fact that workers with such contracts face a much greater risk of income loss due to unemployment, thereby creating financial incentives for employers to hire workers on more stable employment contracts (see box 2).

The Convention further specifies that in cases where subsidies are granted by the State (including the social security system) to safeguard employment, Members shall take the necessary steps to ensure that the payments are expended only for the intended purpose and to prevent

fraud or abuse by those who receive such payments (Article 30).

► Box 2. Differentiated contribution rates as a mechanism to incentivise more stable employment

Some countries, including Italy, Lithuania, Spain, and the Netherlands have increased the employers' contributions towards unemployment insurance payable on behalf of fixed-term and temporary workers to incentivize the use of more stable contracts.

- **Italy:** Employers in industry and commerce (which cover almost all enterprises) pay a social contribution of 1.61 per cent, plus an additional contribution of 1.40 per cent for fixed-term work contracts. Upon fixed-term contract renewal, the additional contribution rate increases by 0.5 per cent every year.
- **Lithuania:** Employers pay a social contribution of 1.31 per cent of the employee's gross earnings, which is increased to 2.03 per cent if the employee has a fixed-term contract.
- **Spain:** For workers with indefinite contracts, the total contribution rate is 7.05 per cent, of which the employees pay 1.55 per cent, and the employers pay the remaining 5.50 per cent. The contribution for fixed-term workers (full time and part-time) is 8.30 per cent, of which 1.60 per cent and 6.70 per cent is paid respectively by workers and employers.
- **The Netherlands:** The contribution rate depends on the type of employment contract: 2.64 per cent for permanent contracts (except "on-call contracts") and 7.34 per cent for all other contract types.

Sources: MISSOC 2025; Spain, Ministry of Labour and Social Economy "2025 contribution bases and rates".

Challenges related to the establishment of unemployment insurance mechanisms

Conscious of the peculiarities of the contingency of unemployment compared to the other social security contingencies, Recommendation No. 176 invites countries

²⁴ In several countries of Latin America, such schemes are used as a mechanism for organizing separation payments (e.g., Chile, Colombia, Costa Rica, Honduras, Peru) or as a savings mechanism to supplement a social insurance unemployment benefit (Ecuador).

²⁵ Estimations based on ISSA/SSA (multiple years) suggest that out of 82 countries with social insurance unemployment schemes, 46 per cent, 25 per cent, and 15 per cent of countries utilize these financing mechanisms.

considering the introduction of a social insurance schemes in case of unemployment to be “be aware of the technical and administrative difficulties involved in the planning and introduction of social security mechanisms for the compensation of unemployment” and to seek the co-operation and technical advice of the International Labour Office in cases where there is insufficient national expertise.

Recommendation No. 176 consequently recommends that, prior to introducing forms of unemployment compensation, countries seek to meet the following three conditions as soon as possible:

- (a) have introduced and operate satisfactorily a free public employment service containing a network of employment offices;
- (b) having acquired sufficient administrative capacity to collect and analyse information on the employment market, to register job offers and jobseekers and to verify objectively that persons are involuntarily unemployed;
- (c) have achieved a reasonable level of coverage by and extensive experience in the administration of other branches of social security deemed to have priority on social and economic grounds, such as primary health care and compensation for employment accidents.

When these conditions are met, the Recommendation advocates that countries should, as rapidly as their resources permit, and if necessary, in stages, introduce programmes for the protection of the unemployed.

However, countries which are not in a position to meet these conditions are invited to give priority to special assistance measures for the most needy unemployed persons, to the extent permitted by the available resources and in the context of national conditions. Such means-tested social assistance measures can indeed play a crucial role in ensuring a minimum level of income security to vulnerable segments of the population who are in need and unable to earn sufficient income. This would include persons who have previously been self-employed or worked in the informal economy, which in many emerging and developing economies represent a large proportion of the population. In addition, such special assistance measures directed to the most needy unemployed persons can also support beneficiaries who were covered by

contributory schemes, but whose benefit entitlement expired, such as long-term unemployed persons. In this regard, ILO Standards have long recognized the importance of ensuring comprehensive levels of protection, including through a combination of contributory and non-contributory schemes. Indeed, the Income Security Recommendation, 1944 (No. 67), was the first international instrument to define social assistance as a complement to social insurance extending protection to the vulnerable and needy population (ILO 2011, para. 40).

Universal social protection can only be achieved by the combination of contributory and non-contributory unemployment protection mechanisms

Pursuing the objective of universal coverage, 38 developing and developed economies have opted for coordinating contributory and non-contributory tax-financed unemployment protection schemes to ensure that all residents are adequately protected in case of unemployment. Some of these approaches also seek to guarantee continuity of protection in cases where the situation of unemployment persists beyond the prescribed limits for entitlement to contributory benefits. Generally, such benefits are means-tested allowances financed by State's revenues. Such measures are often part of a national social protection floor as advocated by Recommendation No. 202.

At times, such non-contributory unemployment benefits are subjected to more or less stringent conditionalities, also known as workfare, where the provision of a living minimum allowance is conditioned to the performance of work by the beneficiary. In practice, the requirements related to the suitability of proposed employment are either relinquished or more often inapplicable to such schemes. For example, the International Trade Union Confederation (ITUC) has expressed concern that recent reforms of ALMPs in some countries have focused on pushing people into any type of job as fast as possible, rather than facilitating the improvement of their skills and/or finding long-term employment that suits their profile (ILO 2019, para. 467).²⁶

²⁶ Likewise, the New Zealand Council of Trade Unions has observed that work requirements are imposed on beneficiaries in New Zealand, without monitoring whether the work is suitable for the individual, is likely to be long-term, provides an acceptable standard of living and some career prospects, or in other words, whether it is decent work (ILO 2019, para. 468).

While such mechanisms are of particular relevance to enable long-term unemployed persons to reintegrate into the labour market, ILO supervisory bodies have, in certain cases, called for a note of caution in cases where imposed conditionalities appeared disproportionate in view of the protection granted. In this respect, Article 12(2) of the Convention stipulates that “when unemployment protection schemes protect all residents whose resources do not exceed prescribed limits, the protection afforded may be limited in light of the resources of the beneficiary and their family, as long as benefits are sufficient to guarantee them healthy and reasonable living conditions” (Article 16). These provisions apply to non-contributory means-tested schemes. It is also worth noting that, usually, such protection mechanisms are not a replacement for but a complement of unemployment insurance mechanisms, thus ensuring universal coverage.

What kind of qualifying conditions can be established for benefit entitlement?

ILO social security standards allow entitlement to unemployment benefits to be made subject to the completion of a qualifying period. Neither Convention No. 168 nor Convention No. 102 specify the length of the permitted qualifying period but leave it to each country to establish it in view of national circumstances and the type of protection offered; however, pursuant to ILO standards, such qualifying period must not exceed the duration considered necessary to preclude abuse.²⁷

The observations made by the CEACR in its examination of the application of international standards, notably Convention No. 102, provide valuable insights as regards what has been considered an acceptable qualifying period in international practice. The CEACR has indicated that a qualifying period that does not exceed one year of employment or residence for entitlement to the minimum 13-week benefit guaranteed by the Convention is usually considered sufficient to meet that objective (ILO 2021d).

Noting that Convention No. 102 permits that insured persons who have completed a longer qualifying period would be entitled to a longer period of the benefit payment, the CEACR has considered that a two-year qualifying period

to gain entitlement to the minimum 13-weeks unemployment benefit is excessive (ILO 2012).

Acknowledging that, due to the particularities of their work arrangements, seasonal workers typically experience additional difficulties in fulfilling the prescribed qualifying period, Article 24(4) of Convention No. 102 provides that in the case of seasonal workers, the duration of the unemployment benefit and the waiting period may be adapted to their conditions of employment. A similar provision is included in Article 17(2) of Convention No. 168, which provides that each Member shall endeavour to adapt the qualifying period to the occupational circumstances of seasonal workers. A number of countries, including Argentina, Germany, Greece and Uruguay have established different contributory requirements for seasonal workers. In Argentina, for example, the national legislation provides that to qualify for unemployment benefits, individuals who previously were “permanent workers” must have at least 6 months of contributions in the three years before dismissal or termination of the contract. In contrast, temporary and seasonal workers are entitled to benefits if they have a minimum contribution period of 90 days during the 12 months preceding the termination of the employment relationship, which gave rise to the legal situation of unemployment.²⁸

What level of benefits should be provided and for how long?

As per Article 15(1) of Convention No. 168, in cases of full unemployment and suspension of earnings due to a temporary suspension of work without any break in the employment relationship – when this contingency is covered – benefits shall be provided in the form of periodical payments calculated as follows:

- (a) earnings-related benefits: at least 50 per cent of previous earnings, or
- (b) flat-rate benefits: at least 50 per cent of the statutory minimum wage, the wage of an ordinary labourer, or a level which provides the minimum essential for basic living expenses, whichever is the highest.

As a reference, table 1 presents the replacement rate of earnings-related unemployment benefits in selected countries that appear to be in line with the requirements of

²⁷ See Convention No. 102, Art. 23, and Convention No. 168, Art. 17.

²⁸ Argentina, *Ley de Empleo* No. 24.013 de 1991, Art. 113, *literales* (c) y (d).

Article 15(1)(a) of Convention No. 168 and the base period for calculating average earnings.

Article 19 of Convention No. 168 establishes the principle that benefits in case of full unemployment need to be provided throughout the contingency. Nonetheless, the Convention permits that benefits be limited to 26 weeks in each spell of unemployment, or 39 weeks over any period of 24 months (Article 19 (2)(a)). The Convention further specifies that in cases where the initial duration of benefit payment varies with the length of the qualifying period, the average duration of the benefit shall be at least 26 weeks (Article 19(3)).

In Egypt, for example, unemployment benefits correspond to 60 per cent of the individual's last monthly wage and are paid for up to 16 weeks or 28 weeks, depending on the length of the insured's contribution history before ceasing employment. As such, the duration of the benefit paid to insured persons with less than 24 months of contributions (i.e., 16 weeks) falls below the minimum prescribed by this advanced standard.²⁹

In addition, Article 19(2)(b) also establishes that in the event of unemployment continuing beyond the initial period mentioned above, the benefit needs to continue to be paid for a prescribed period to be determined by the national legislation. In such cases, the level of the additional benefit may be calculated in light of the resources of the beneficiary and their family but shall be sufficient to guarantee them healthy and reasonable living conditions.

In this regard, the 2011 General Survey stressed that Convention No. 168 is the first social security Convention to establish express mechanisms for linking means-tested social assistance benefits to social insurance benefits to provide continuous employment assistance and economic support for the long-term unemployed beyond the initial period of unemployment (ILO 2011, para. 98).

For example, the Irish social security system showcases how a non-contributory tax-financed benefit can support unemployed persons who do not qualify for contributory benefits or whose entitlement has ceased. The Jobseeker Allowance is a flat-rate benefit provided to fully unemployed persons, persons who work part-time but are seeking full-time work, and those whose workdays are

reduced to 3 days a week or less at the initiative of their employers (partly unemployed). Entitlement is subject to specific qualifying conditions,³⁰ including satisfying a means test that considers the beneficiary's income, savings, investments and property (except family home), and the income of their spouse, civil partner or cohabitants. The benefit amount varies depending on age, income and family circumstances and is provided throughout the contingency.³¹

► **Table 1. Level of unemployment benefits**

Country	Replacement rate (% of earnings)	Reference period (for calculating average earnings)
Cabo Verde	65	6 months before unemployment
Egypt	60	Last monthly wage
Iran	55	90 days before unemployment
Portugal	65	12 months before the two months before the month unemployment began
South Korea	50	3 months before unemployment
Taiwan	60	6 months before unemployment
Uzbekistan	50	26 weeks before unemployment
Viet Nam	60	6 months before unemployment

Source: ISSA/SSA (multiple years).

Under which conditions can unemployment benefits be suspended?

As per international social security standards, the scope of unemployment benefits and their entitlement conditions need to be established by law. As a consequence, the cases in which their payment may be refused or totally or partially suspended also need to be determined by law. ILO social security standards set out a limitative list of cases in which unemployment benefits can be entirely or partially suspended.

According to Article 20 of Convention No. 168, the benefit to which a protected person would have been entitled in the cases of full or partial unemployment or suspension of earnings due to a temporary suspension of work without

²⁹ However, limiting the duration of unemployment benefits to 16 weeks would be in line with the minimum duration permitted by Convention No. 102, which requires that contributory unemployment benefits are paid, at a minimum, for 13 weeks (Article 24 1(a)).

³⁰ A person who has attained the age of 18 but is younger than the pensionable age (66 years of age in 2021), is capable of work, available for employment, and is genuinely seeking, but is unable to obtain, suitable employment having regard to the person's age, physique, education, normal occupation, place of residence and family circumstances, and family circumstances (See Section 141 of the Social Welfare Consolidation Act 2005).

³¹ For further information, consult: <https://www.gov.ie/en/service/1306dc-jobseekers-allowance/>.

any break in the employment relationship may be refused, withdrawn, suspended or reduced to the extent prescribed:

- (a) for as long as the person concerned is absent from the territory of the Member;
- (b) when it has been determined by the competent authority that the person concerned had deliberately contributed to his or her own dismissal;
- (c) when it has been determined by the competent authority that the person concerned has left employment voluntarily without just cause;
- (d) during the period of a labour dispute, when the person concerned has stopped work to take part in a labour dispute or when he or she is prevented from working as a direct result of a stoppage of work due to this labour dispute;
- (e) when the person concerned has attempted to obtain or has obtained benefits fraudulently;
- (f) when the person concerned has failed without just cause to use the facilities available for placement, vocational guidance, training, retraining or redeployment in suitable work;
- (g) as long as the person concerned is in receipt of another income maintenance benefit provided for in the legislation of the Member concerned, except a family benefit, provided that the part of the benefit which is suspended does not exceed that other benefit.

The causes of suspension authorized by Article 20 of Convention No. 168 provide a concrete framework for countries embarking on the design or reform of rights-based unemployment protection schemes. Indeed, by defining the situations that may lead to the suspension of benefits, ILO social security standards³² seek to ensure that the regime of sanctions established at the national level is clearly circumscribed and does not allow for arbitrary or discretionary decisions without a clear legal basis in this area.

Does the Convention provide guidance as regards the right of complaint and appeal?

The establishment of effective complaint and appeals procedures represents a central component of a rights-based approach to social protection and prevents the sense of injustice or the unlawful or arbitrary negation and violation of rights (ILO, 2021b). As such, both the minimum and advanced ILO social security standards expressly require such mechanisms to be put in place, notably Article 27 of Convention No. 168 and Article 69 of Convention No. 102.

Specifically, Article 27(1) of Convention No. 168 provides that “In the event of refusal, withdrawal, suspension or reduction of benefit or dispute as to its amount, claimants shall have the right to present a complaint to the body administering the benefit scheme and to appeal thereafter to an independent body. They shall be informed in writing of the procedures available, which shall be simple and rapid”.

In Luxembourg, for example, all persons whose unemployment benefits have been refused or withdrawn following a decision made by the National Employment Agency have the right to lodge a request for reassessment with the Special Reassessment Committee (*Commission spéciale de réexamen – CSR*) within 40 days of receiving notice of the decision. Six members integrate the CSR, three members represent the employers, and three represent the employees, all appointed by the Ministry of Labour, Employment and the Social and Solidarity Economy. If the person concerned disagrees with the assessment made by the CSR, he or she may lodge an appeal at the Social Security Arbitration Tribunal (*Conseil arbitral de la sécurité sociale – CASS*), which is the first instance jurisdiction in matters of social security disputes between insured persons and social security institutions. Decisions of the CASS can be appealed to the High Council of Social Security insofar as it is contested within 40 days from notification of the decision. Protected persons may also appeal a decision rendered by the High Council of Social Security to the Court of Cassation.³³

The CEACR has recalled that the right to lodge a complaint or appeal is a fundamental part of ensuring procedural

³² Convention No. 102 also provides an exhaustive list of grounds for the suspension of benefits. These include, for example, when the person concerned submits a fraudulent claim, cases where the contingency has been caused by a criminal offence or the wilful misconduct of the person concerned, or failure to make use of the employment services placed at his disposal. For more information, see Article 69.

³³ For further information, see: [Appealing against a refusal or withdrawal of unemployment benefits](#).

fairness, which in turn is a pivotal dimension of strengthening the legality of social protection systems (ILO 2011). Given that social security frameworks and procedures can be complex, complaint and appeals mechanisms can be strengthened by ensuring that protected persons have access to easily understandable information about the legal rules governing grievance mechanisms, particularly in relation to the suspension or reduction of benefits or when they are paid at lower rates or during shorter time frames (ILO 2021b).

For example, in South Africa, section 37(1) of the Unemployment Insurance Act provides that may appeal against a decision of a claims officer relating to the payment or non-payment of benefits. The Department of Employment and Labour and the Unemployment Insurance Fund (UIF) developed a user-friendly standardized form³⁴ that claimants must fill in and lodge in an office of the Department of Labour within 90 days of receiving notice of the refusal or suspension of benefits. The form includes a set of simple questions that allow protected persons to state their petition (the result they hope to achieve) and briefly state their grounds (reasons for appealing). It can also be mentioned that the UIF uses its social media platforms to inform insured persons about this right, and provide general advice, such as the importance of accompanying the form with any documents supporting the reasons for appealing the decision.

Article 27(2) of the Convention further stipulates that “The appeal procedure shall enable the claimant, in accordance with national law and practice, to be represented or assisted by a qualified person of the claimant's choice or by a delegate of a representative workers' organisation or by a delegate of an organisation representative of protected persons”.

Can unemployment benefits be combined with severance pay?

In many national contexts, severance pay mechanisms related to the duration of job tenure have been established by labour legislation to compensate the worker by way of a bonus for the time spent in the enterprise in case of the termination of their employment relationship. Although not their first purpose, severance pay mechanisms also act as an incidental form of protection against unemployment

as they provide some level of income security depending on how long the worker had been in employment.

There are cases, however, where social protection unemployment insurance mechanisms have also been established, most often subsequently, and therefore co-exist with severance pay mechanisms.

The possibility of combining unemployment benefits with severance pay depends on each country's legal framework and the nature of the compensation paid upon the termination of the employment relationship.

The comparative practice shows that most low- and middle-income countries still rely solely on separation/severance payments as the sole mechanism that protects workers in cases of job loss (Asenjo and Pignatti 2019, ILO 2021h).

However, as this is not meant to be their main purpose, severance/separation payments do not, in most cases, provide adequate protection in case of unemployment. As highlighted in ILO 2021h, receipt of these payments is not predictable in the same way as benefits based on risk-sharing principles, as it is contingent on contractual relationships, employers' financial liquidity and workers' capacity to enforce payment; nor is it linked to employment support policies (Asenjo and Pignatti 2019; Kuddo, Robalino, and Weber 2015; Peyron Bista and Carter 2017). Furthermore, as such payments are provided in the form of one-off compensation, they are not provided throughout the contingency and do not consider the duration of the unemployment spell or the fact of whether or not the recipient is actively engaged in job search.

In this context, it should go without saying that before designing and implementing an unemployment protection scheme, governments, in consultation with employers and workers representatives should carefully assess the different mechanisms for securing a smooth transition from -or coordination between- severance payments to comprehensive unemployment protection schemes.

It is important to note that the Termination of Employment Convention, 1982 (No. 158) provides that a worker whose employment has been terminated³⁵ shall be entitled, in accordance with national law and practice, to:

- (a) a severance allowance or other separation benefits, the amount of which shall be based inter alia on length of service and the level of wages, and paid directly by the

³⁴ See Form UI-12: *Notice of appeal against a decision of a Claims Officer*.

³⁵ In this Convention, the terms termination and termination of employment mean termination of employment at the initiative of the employer (Convention No. 158, Article 13).

employer or by a fund constituted by employers' contributions; or

- (b) benefits from unemployment insurance or assistance or other forms of social security, such as old-age or invalidity benefits, under the normal conditions to which such benefits are subject; or
- (c) a combination of such allowance and benefits.

Article 22 of Convention No. 168 further specifies that when a protected person receives directly from their employer or from any other source under national laws or regulations or collective agreements, severance pay to compensate them for the loss of earnings suffered in the event of full unemployment, their unemployment benefit may be suspended, or the severance pay reduced. Therefore, each country can choose between these two methods for coordinating the provision of unemployment benefits (periodical income replacement mechanism) with severance pay.

While Convention No. 168 establishes rules for coordinating the interaction between the loss-of-earnings compensated by severance and unemployment benefits, the accompanying Recommendation calls for the pooling of employer responsibility for such payments. More specifically, para. 30 of Recommendation No. 176 calls on States that have a legal requirement for employers to provide severance pay, to bear this responsibility in common through the creation of shared funds financed by employer's contributions. The aim is to ensure the actual receipt of these payments by the workers concerned. Such funds exist in Costa Rica, Dominica, Honduras, Panama and Peru, and complement the protection provided by social insurance unemployment benefits in Colombia and Venezuela.

Does Convention No. 168 provide guidance on the administration of unemployment protection schemes?

As per Article 3 of Convention No. 168, the provisions contained therein shall be implemented in consultation and co-operation with the organisations of employers and workers, in accordance with national practice.

Furthermore, Article 29 envisages that the administration of such schemes might be entrusted to a government department responsible to Parliament, in which case representatives of the protected persons and of the employers shall be associated in the administration in an advisory capacity, under prescribed conditions. If the administering institution is not an institution of the sort, the Convention requires that:

- (a) representatives of the protected persons shall participate in the administration or be associated therewith in an advisory capacity under prescribed conditions;
- (b) national laws or regulations may also provide for the participation of employers' representatives; and
- (c) the laws or regulations may further provide for the participation of representatives of the public authorities.

Convention No. 168 reinforces the principle of participatory management enshrined in prior ILO Social Security Standards, as it requires the participation in an advisory capacity of employers' representatives, together with the representatives of the protected persons, also in cases where the administration is directly entrusted to a government department responsible to Parliament (ILO 2011).

In terms of institutional set-up, worldwide countries have commonly implemented their unemployment insurance schemes through close coordination and delegation of services to the public employment services or other active labour market institutions, such as registration of the claims and, in some instances, benefits payments (Carter et al., 2013).

► Conclusion

The adverse socio-economic impacts of the COVID-19 pandemic and the related jobs crisis have exposed significant gaps in unemployment protection coverage, particularly for workers in temporary and self-employment, and in the informal economy, who are overrepresented among the groups that are either inadequately or not at all by existing social protection systems. Consequently, a renewed interest in designing, implementing, reforming, and revamping unemployment protection schemes has been observed in countries at all levels of development following the COVID-19 pandemic.

The principles and parameters enshrined in international social security standards, including in the advanced standards – Convention No. 168 and its accompanying Recommendation No. 176 – provide meaningful guidance for the effective implementation of rights-based unemployment protection schemes that, in coordination with employment policies promote full, productive and freely chosen employment.

Amongst the variety of social protection schemes, unemployment insurance is arguably one of the most complex to establish and operate, as the effective implementation of these schemes depends on the availability of effective public employment services, coordination between social protection and employment policies and prior robust administrative capacities in operating other branches of social protection. Where the labour market is characterized by high levels of informality, governments, in consultation with workers and employers' representatives, may consider other social security branches as a priority.

With the recent introduction of unemployment insurance schemes in middle- and low-income countries, there is a clear need for innovative solutions and mechanisms to ensure the protection of workers in all types of employment.

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ILO. *Building Rights-Based Unemployment Protection Schemes: Guidance from ILO Social Security Standards*, Policy brief, Geneva: International Labour Office, 2025. © ILO. DOI: <https://doi.org/10.54394/KDTF8808>

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