



# ▶ Social Protection Spotlight

Date: 14 September 2020

## ▶ Unemployment protection in the COVID-19 crisis: Country responses and policy considerations

### Key points

**In the immediate term, states should ensure that workers are provided with income security.** This is essential to mitigate the sudden and drastic impacts on employment of the lockdowns imposed to slow the COVID-19 pandemic. Unemployment protection should be designed and implemented so as to also support the objectives of employment policies. In this regard, consideration should be given to:

- ▶ **introducing or expanding employment retention benefits** in order to provide income support and facilitate the retention of workers during the crisis;
- ▶ **extending the coverage of unemployment benefits**, including by introducing emergency unemployment benefits and enhancing their adequacy and speedy and effective delivery, in order to swiftly provide income support to the millions of workers who have lost their jobs as a result of the COVID-19 pandemic;
- ▶ **securing close coordination between income support and other employment promotion measures**, such as vocational guidance, employment services, public employment programmes or skills development, in order to help those affected remain connected with the labour market;

- ▶ **mobilizing additional resources** to support the immediate extension of unemployment benefits;
- ▶ **engaging with social partners and other stakeholders in social dialogue** in order to integrate the voices and concerns of the various sectors of society in building more balanced responses, including better-adapted social protection measures;
- ▶ **ensuring the coordination of emergency measures** for unemployment protection with other social protection measures, so that resources are efficiently utilized and reach those most in need of support.

**In the medium and long terms**, states should build resilient social protection systems, ensuring closer policy coordination and coherence between social protection and employment policies; expanding rights-based unemployment protection schemes; securing robust, sustainable and equitable financing mechanisms; and expanding fiscal space. This is essential for building back better.

## The crucial role of unemployment protection in responding to the COVID-19 crisis

The lockdown measures introduced by many states in response to the COVID-19 pandemic have resulted in the closure or reduction of the activity of numerous businesses; the reduction of the working time of millions of workers across the globe; or ultimately, the loss of employment due to the inability of businesses to withstand the imposed moratorium on economic transactions (ILO 2020f; United Nations 2020b; OECD 2020). The impacts on business and employment have also been felt throughout supply chains, affecting both larger entities and microenterprises – often operating in the informal economy – and their workers (ILO 2020d; 2020j). The ILO estimates that working hours equivalent to as many as 400 million full-time jobs may be lost (ILO 2020e).

In this context, reflecting the ILO's four key pillars to fight COVID-19,<sup>1</sup> governments have identified the stark and immediate need to establish, sustain or expand unemployment protection schemes and benefits (see box 1) as key components of public policy measures, given their ability to support both people's livelihoods and business resilience (ILO 2020a, 2020j, 2020k). According to the ILO COVID-19 Social Protection Monitor, 90 countries have implemented measures in the area of unemployment and 99 countries have implemented jobs or income protection measures since February 2020 (ILO 2020i).<sup>2</sup> Such measures are crucial to guarantee income security for workers and their families, stabilize aggregate demand and prepare for a swift recovery (ILO 2017).<sup>3</sup>

The effectiveness of unemployment protection schemes as a crisis response instrument is limited by two factors: (1) many countries do not yet have an unemployment scheme in place; and (2) even where such schemes exist, effective coverage is often limited, especially in countries with high levels of informal employment (see box 2).

Without rapid interventions to provide income security, including to extend unemployment protection or put in place emergency measures, many workers and their families will find themselves in situations of poverty and vulnerability.

**In the immediate term, states should ensure that workers are provided with income security** to respond to the sudden and drastic impacts on employment resulting from national mandatory lockdowns. Given the low coverage of unemployment benefits in many countries, the following measures will need to be prioritized so as to address coverage and adequacy gaps in unemployment protection. Social protection responses, including partial or total unemployment benefits, should aim to provide income security while also supporting the objectives of employment policies. Consideration should therefore be given to the following measures:

- **introducing or expanding employment retention benefits** in case of a loss of earnings due to partial unemployment or the temporary suspension of work;<sup>4</sup>
- **extending the coverage of unemployment benefits** to uncovered categories of workers by adapting eligibility criteria and qualifying conditions as temporary or permanent measures;
- **enhancing the adequacy of unemployment benefits** by ensuring that benefit levels allow persons to maintain themselves and their families in health and decency, while also extending the duration of benefits for persons nearing the exhaustion of protected periods given the poor employment prospects;
- **ensuring the speedy and effective delivery** of unemployment benefits, including through the waiving of waiting periods or other conditions, and relying on appropriate technology and other communication tools to ensure rapid and secure payment transactions;
- **mobilizing additional resources** to secure at least basic income security by immediately extending unemployment protection to address the drastic loss of jobs and incomes;
- **securing close coordination between income support and other employment promotion measures** such as vocational guidance, employment services, public employment programmes and skills development in order to help those affected remain connected with the labour market.

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<sup>1</sup> Social protection is an integral part of the ILO's four key pillars to fight COVID-19 based on international labour standards – stimulating the economy and employment; supporting enterprises, jobs and incomes; protecting workers in the workplace; and relying on social dialogue for solutions (ILO 2020a).

<sup>2</sup> The [Social Protection Monitor](#) uses the following classification of measures relevant to this brief: *unemployment* as “any benefit provided to a protected person arising from the loss of gainful employment” and *income/jobs protection* as “special COVID-19-related measures that include wage subsidies, short-time work schemes, and other employment or income retention measures that concern the labour market, and that cannot be classified elsewhere e.g. as unemployment or sickness”. See ILO, “Methodological Note”.

<sup>3</sup> Following sharp increases in unemployment rates in many parts of the world in the wake of the 2008 global economic crisis, unemployment protection schemes proved essential in providing income security to individuals and households and, by stabilizing aggregate demand, in fostering rapid recovery from the crisis (ILO 2014).

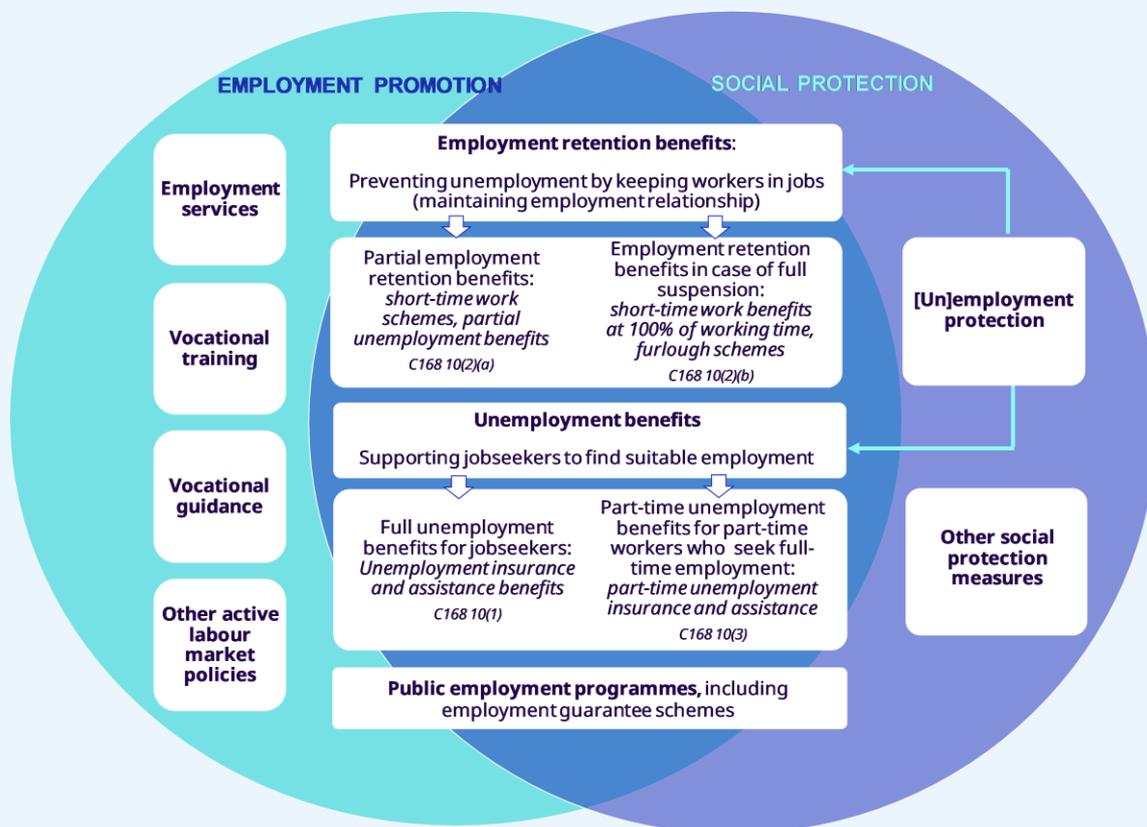
<sup>4</sup> See Convention No. 168, art. 10(2).

► Box 1: What are unemployment protection schemes and why are they especially relevant in responding to the COVID-19 crisis?

**Unemployment protection schemes** provide income security to workers who are at risk of losing their jobs or who are effectively unemployed. At the intersection of social protection and employment policies, unemployment protection schemes are complementary to active labour market policies and are essential in achieving full, productive and freely chosen employment.

Such schemes include **employment retention benefits** to provide income security in case of a partial or full loss of earnings due to a temporary reduction in the normal or statutory hours of work or a temporary suspension of work, without any break in the employment relationship. These benefits form part of the larger group of wage subsidies and are sometimes referred to as “temporary wage subsidies”, “job retention schemes” (United Kingdom), “short-time work schemes” (Germany, Austria), “partial activity benefits” (France, Switzerland) or “furlough schemes” (United Kingdom) (see also ILO 2020j).

They also include **unemployment benefits** to provide income security for workers who have lost their jobs, including part-time workers seeking full-time employment. For improved efficiency and efficacy, many countries coordinate the provision of these benefits with measures that aim to promote employability, in particular vocational guidance and training.



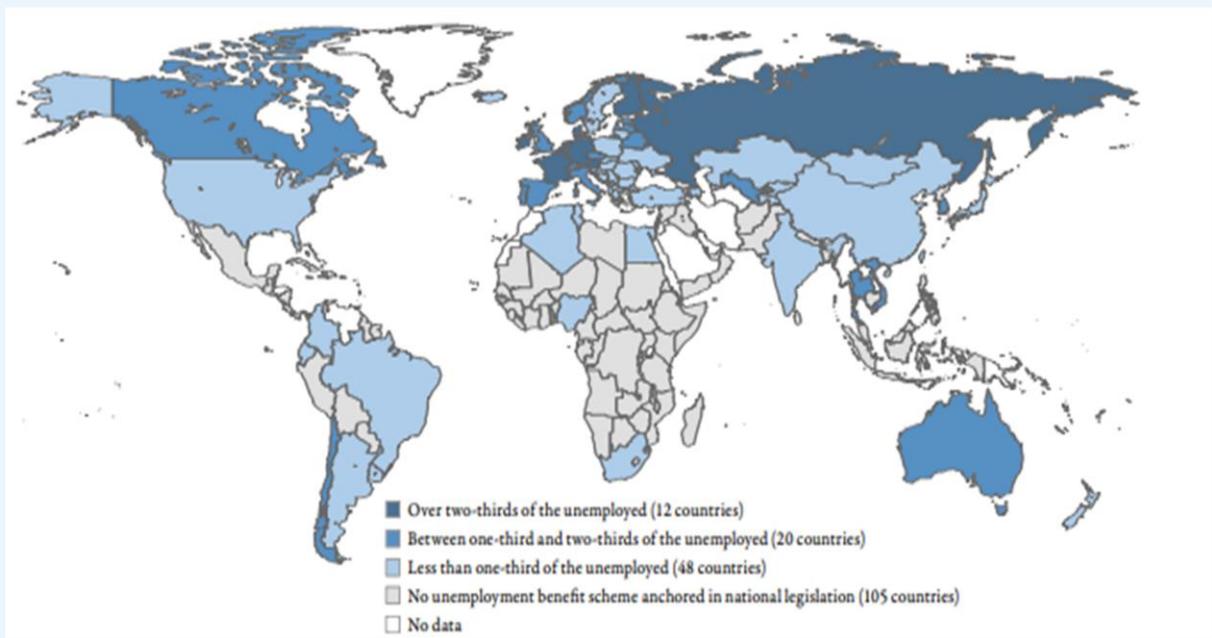
International standards provide guidance on how to design unemployment protection schemes, together with employment promotion schemes, including in crisis situations. They include the Social Security (Minimum Standards) Convention, 1952 (No. 102); the Social Protection Floors Recommendation, 2012 (No. 202); the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) and accompanying Recommendation No. 176; the Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No. 205); and the Employment Policy Convention, 1964 (No. 122).

Whether or not unemployment is the result of covariant shocks such as the COVID-19 crisis, unemployment protection schemes represent an effective tool to guarantee income security to individuals and promote employment, thereby smoothing consumption and stabilizing aggregate demand (ILO 2017).

► Box 2: Limited coverage of unemployment benefits hampers an effective response to COVID-19

Globally, only 38.6 per cent of the global labour force is covered by law and only 21.8 per cent of unemployed workers worldwide actually receive unemployment benefits. Effective coverage is particularly limited in the Asia and the Pacific region (22.5 per cent), the Americas (16.7 per cent) and Africa (5.6 per cent) (ILO 2017). However, middle-income countries that have recently introduced or expanded unemployment protection schemes (such as Cabo Verde, the Philippines, South Africa and Viet Nam) have been in a better position to weather the COVID-19 crisis.

**Figure 1: Sustainable Development Goals (SDGs) target 1.3.1 on social protection coverage for all: Share of unemployed persons receiving unemployment cash benefits, latest available year**



Coverage gaps are also linked to the fact that most unemployment protection schemes focus on salaried workers, largely excluding self-employed workers. For example, of the 83 countries with mandatory unemployment insurance schemes, only 11 countries include self-employed workers on a mandatory basis and 9 countries include them only on a voluntary basis. Especially in countries with high levels of informality, public employment programmes and social assistance programmes funded by the state's budget play a crucial role (Peyron Bista and Carter 2017).

Sources: ILO, World Social Protection Database.

Implementing these measures will require:

- **engaging with social partners and other stakeholders in social dialogue** in order to ensure their meaningful participation, fostering a shared understanding of the crisis and ensuring a swift response that leads to economic recovery and social stability (ILO 2020c; IOE and ITUC 2020);
- **ensuring the coordination of emergency measures for unemployment protection with other social protection measures** adopted to support workers in the event of sickness and employment injury and to maintain the solvency of businesses or reduce poverty, so that all these resources are efficiently utilized and reach those most in need of support.

In view of the projected structural damage to economies as a result of the self-reinforcing dynamics produced by COVID-19, including the specific impacts on employment, **states should also incorporate longer-term solutions to guarantee income security for workers who lose their jobs or during job search**, together with measures to facilitate the return to decent employment. Such solutions should be at the heart of government policies to build back better, as described in the second part of this brief. The crisis should therefore serve as a wake-up call for governments to close protection gaps, including in the area of unemployment protection, and to address inequalities. Building back better will mean prioritizing the building of universal social protection systems, including floors, with

particular reference to SDG target 1.3, in order to alleviate poverty and help mitigate future challenges. This will also require, inter alia, close coordination of social protection and employment policies as a means to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all in line with SDG goal 8.

### Immediate response measures

Many states have sought to guarantee income security for persons whose jobs have been directly affected as a consequence of Covid-19 pandemic both by relying on existing mechanisms, facilitating access where necessary, and by adopting emergency measures, in particular for workers excluded from existing measures. Often, countries have sought to preserve the employment relationship despite a sudden reduction or suspension of economic activity as a means of both securing income and preventing unemployment.

In line with ILO standards, in particular Convention No. 168 and its accompanying Recommendation No. 176, social protection, including employment retention measures, should be designed in a way that promotes full, productive and freely chosen employment and should also be coordinated with active labour market policies, including employment services, vocation training and vocational guidance.

It should be noted as well that social dialogue as a mechanism for participation and consensus-building in the world of work is key for designing and implementing social protection policies, including in crisis situations. Many of the measures mentioned below have been implemented across the globe in the context of consultative and participatory social dialogue processes, including in Argentina, Germany, Estonia, Ireland and South Africa (ILO, forthcoming b). The policy considerations set out below are based on existing country responses and grounded in internationally agreed principles and standards.<sup>5</sup>

### Introducing or expanding employment retention benefits

Given the sudden halt of economic activity and lockdown measures, many states have used employment retention benefits (see box 3) as a measure to prevent unemployment. Inspired by the shared objectives common to social protection and employment policies (see box 1), these measures seek to provide income security through collectively financed modalities to redress a temporary suspension of earnings due to the crisis, while at the same time preventing the disruption of the employment relationship.<sup>6</sup> In Germany, for example, a company can register short-time work if at least 10 per cent of its workforce have their working hours cut by more than 10 per cent, provided that it keeps workers on the payroll. The short-time work benefit is equal to 60 per cent of the reduction of net earnings for workers without children (67 per cent for workers with children).<sup>7</sup> In the case of a partial reduction of activity, the benefit serves to compensate for the reduction in earnings due to reduced working hours, while the employer continues to pay the wage for the hours that the worker continues to work.

Such measures have proven particularly useful in supporting employers and workers adversely affected by the COVID-19 pandemic by maintaining workers in their jobs through troughs in demand; safeguarding their skills and motivation; and supporting a fast recovery, thereby also stabilizing consumer spending and promoting social cohesion.

► In Argentina, employers faced with a significant reduction in turnover or a significant number of workers infected by COVID-19 are eligible for a wage subsidy through the social security authority (ANSES), in return for a guarantee that they will avoid dismissals during a set period.<sup>8</sup> It is estimated that 80 per cent of eligible enterprises (420,000 enterprises) applied to the programme in April 2020. Representatives of workers' and employers' organizations were involved in the adoption of this measure. Chile allows for a temporary suspension of work for the duration of the crisis, avoiding mass dismissals and facilitating recovery, with benefits paid from the unemployment insurance scheme in the interim.<sup>9</sup> Partial unemployment benefits were also introduced in the Dominican Republic.

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<sup>5</sup> ILO social security standards are instrumental in guiding response measures and ensuring the protection of all those in need since they establish basic principles and key parameters for realizing the human right to social security and they reflect the international consensus of governments, employers and workers. ILO standards are grounded in the recognition that social security is an individual human right and that the state has the overall responsibility to guarantee the provision of adequate benefits while ensuring the sustainability of the social protection system.

<sup>6</sup> These two types of employment retention benefits are reflected in Convention No. 168, art. 10(2)a and b; see box 1.

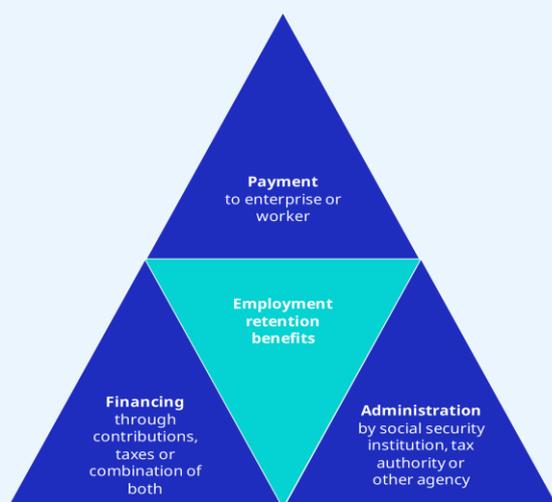
<sup>7</sup> In case working time is reduced by more than half for more than three months, workers receive 70 per cent (77 per cent for workers with children) of lost earnings as of the fourth month and 80 per cent (87 per cent for workers with children) as of the seventh month. See <https://www.arbeitsagentur.de/news/corona-virus-informationen-fuer-unternehmen-zum-kurzarbeitergeld>.

<sup>8</sup> See Argentina, "Decreto 332/2020", 19 April 2020, and "Decreto 276/2020", 16 March 2020.

<sup>9</sup> See Chile, Law No. 21.227, 1 April 2020.

► Box 3: Modalities of employment retention benefits

Governments have organized employment retention benefits in different ways. As part of unemployment protection schemes, they are in many cases administered and financed through social security institutions, mostly with additional resources from the government budget to support the scale of the needed interventions. In other cases, they are entirely financed by the government budget and administered through the tax system or other mechanisms. The payment of the benefits is sometimes made directly to the employer, who is in turn responsible for making the payment to the employees concerned. In many cases, payments are made retroactively in order to compensate employers for maintaining the payment of wages during the economic inactivity period of the lockdown. The benefits can also be paid directly to the worker through the existing social security system.



- Botswana is providing businesses in some sectors with a wage subsidy equal to 50 per cent of the employee’s monthly wages for three months in order to guarantee continued employment during this period. The programme is administered by the Botswana Unified Revenue Service and financed through the general budget.<sup>10</sup>
- Several European countries provide partial employment retention benefits, through unemployment insurance institutions, to workers and/or enterprises affected by a reduction in economic activity that results in a reduction of working hours, turnover loss and/or temporary closure, including France (*activité partielle*),<sup>11</sup> Germany (*Kurzarbeit*), Ireland, Netherlands (NOW),<sup>12</sup> Spain (ERTE)<sup>13</sup> and Switzerland.<sup>14</sup> These programmes have been developed and expanded in close collaboration with social partners (ILO 2020k).
- Malaysia’s employment insurance provides wage subsidies to assist selected employers in retaining workers earning below 4,000 ringgit (US\$923), providing RM600 to 1,200 (US\$138 to 277) per month for up to three months. In exchange, the employment relationship must be maintained for at least six months.<sup>15</sup> Timor-Leste introduced a similar benefit for employees registered with the social security system.<sup>16</sup>

**Extending coverage and enhancing the adequacy of unemployment benefits**

Unemployment protection schemes have been used as a key mechanism to swiftly provide income security through unemployment benefits to the millions of workers who have lost their jobs in the context of the COVID-19 pandemic (ILO 2020j; OECD 2020).<sup>17</sup> Many countries have waived or reduced the qualifying period for unemployment protection in order to ensure immediate income support for affected persons, including for those with short periods of previous employment and in some cases for self-employed workers as well.<sup>18</sup> Some countries have extended the duration of

<sup>10</sup> See Botswana, “Covid 19 Botswana Government Wage Subsidy Scheme”, 11 April 2020.

<sup>11</sup> See France, “Activité partielle: démarches de l’employeur (chômage partiel ou technique)”, 2 July 2020; and Village de la Justice, “Coronavirus et chômage partiel : une épidémie de fraude?”, 20 April 2020.

<sup>12</sup> See Netherlands, “Corona Crisis: Temporary Emergency Bridging Measure NOW”; the NOW programme replaced the wtz programme (unemployment benefit during short-time working) on 17 March 2020.

<sup>13</sup> See Spain, “Real Decreto-ley 6/2020”, 10 March 2020, and “Real Decreto-ley 7/2020”, 12 March 2020.

<sup>14</sup> For more examples, see ILO, ILO Factsheet on “Temporary Wage Subsidies”, Appendix, May 2020.

<sup>15</sup> See Malaysia, Social Security Organisation, “Employment Insurance System (EIS)” and “Wage Subsidy Programme Expansion”, 2020.

<sup>16</sup> See Timor-Leste, “Meeting of the Council of Ministers of April 15, 2020”, Press Release.

<sup>17</sup> Unlike the mechanisms described above, these benefits are paid if an employment relationship has been severed or if people are seeking a job without having been employed (full-time) previously. This includes full unemployment benefits (Convention No. 168, art. 10(1)), and unemployment benefits for part-time workers seeking full-time work (Convention No. 168, art. 10 (3)). Both types of benefits may be provided through unemployment insurance or in the form of unemployment assistance and may be financed by contributions, taxes or a combination of both.

<sup>18</sup> Such qualifying periods are authorized by international standards provided that they are no longer than what is sufficient to preclude abuse (Convention No. 102, art. 23; and Convention No. 168, art. 17). Measures to extend coverage consider the need to cover

unemployment benefits to ensure income security in case of long-term unemployment, in recognition of the difficulties of finding employment during and after the immediate public health crisis. Other countries have increased unemployment benefits in order to ensure an adequate level of income security. In view of the depth of the crisis, such adaptations of the level and duration of unemployment benefits are necessary to guarantee much-needed income security and prevent poverty until workers are back in employment, as well as to support a swift recovery.

- In Cabo Verde, the qualifying period for accessing unemployment allowances has been reduced from 180 to 60 days. In addition, formal requirements relating to registration with employment and vocational training centres have been suspended; unemployed workers may apply for benefits at both the National Social Security Institute or at employment centres.<sup>19</sup> Similarly, Chile has reduced the qualifying period for access to unemployment benefits from six to three months.<sup>20</sup>
- In France, the duration of receipt of the employment assistance allowance and the specific solidarity allowance have been extended, while the job search requirement has been suspended until the end of the lockdown.<sup>21</sup>
- The Republic of Korea has increased the jobseekers allowance for young adults and reintroduced the jobseekers allowance for persons in low-income households (under the age of 69 and earnings below 60 per cent of the median level).<sup>22</sup>
- Thailand will also increase unemployment benefits for the period 2020–2021 and provide 70 per cent of salary for 200 days (formerly 50 per cent of salary for 180 days), offering greater income security to 13.3 million covered workers (ILO 2020b).

- Viet Nam, in addition to regular unemployment benefits, has introduced a set of additional benefits for the period April–June 2020, including a monthly benefit of 1.8 million dong (US\$77) to workers who temporarily stopped working or had been on unpaid leave for more than one month; a monthly unemployment assistance benefit of ₫1 million (US\$42) for unemployed workers without unemployment insurance and self-employed workers, as well as household enterprises with monthly taxable revenue below ₫100 million per month. It is estimated that more than 10 per cent of the population benefit from these benefits (ILO 2020h).

### Introducing emergency unemployment benefits to close coverage gaps

Where existing schemes are not available or cannot be extended, some countries have quickly introduced new emergency unemployment benefits to provide income support and prevent poverty for affected workers who are not eligible for unemployment benefits, in particular vulnerable workers such as part-time workers, workers in temporary employment, self-employed workers and workers in the informal economy. Income support (also known as cash transfers) can be provided in the form of designated unemployment assistance benefits or as part of social assistance schemes (ILO 2020g; 2020j). The registration of uncovered groups can provide an avenue for extending social security to these workers and for facilitating their transition from the informal to the formal economy beyond the current crisis:

- Argentina supports low-income self-employed and domestic workers and workers in the informal economy through a one-off emergency family income support benefit (10,000 pesos) to compensate for the loss of income as a result of the pandemic.<sup>23</sup> Paraguay has also provided workers in the informal economy benefits amounting to 50 per cent of the minimum wage, a measure that has resulted in the creation of a registry for such workers.<sup>24</sup>
- India has developed a relief package of 1.7 trillion rupees for alleviating the hardships of migrant workers and the urban and rural poor, in particular given the 21-day nationwide lockdown. Relief measures include direct cash transfers and food-security related measures.

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categories of persons who have never been or have ceased to be recognized as unemployed, or who have never been or have ceased to be covered by unemployment protection schemes (Convention No. 168, art. 26).

<sup>19</sup> See Cabo Verde, “Decreto-lei n.º 37/2020”, 31 March 2020.

<sup>20</sup> See Chile, Law No. 21.227, 6 April 2020.

<sup>21</sup> See France, Press Release, 4 March 2020.

<sup>22</sup> See Republic of Korea, “Supplementary Budget Drawn Up, Covid-19 Turning Endemic”, Press Release, 4 March 2020.

<sup>23</sup> See Infobae, “Empleadas domésticas y el beneficio extra de \$10.000: quiénes lo podrán cobrar, quiénes no y qué trámite hay que hacer”, 24 March 2020.

<sup>24</sup> See Paraguay, Law No. 6524, art. 22.

- Ireland has introduced a new COVID-19 pandemic unemployment payment of €203 per week for six weeks for all employees and self-employed workers who have lost their employment due to the downturn. Individuals can subsequently apply for the standard jobseekers allowance.<sup>25</sup>
- In Peru, many daily subsistence earners benefit from an exceptional payment of 380 soles (about US\$108) that also addresses the economic household impact of the mandatory quarantine, potentially covering an estimated 3 million households, including many workers in the informal economy.<sup>26</sup>
- Eswatini has introduced a temporary Covid unemployment relief fund of 25 million emalangeni (US\$1.48 million), as part of the national Covid-19 response measures, targeting about 9,000 unpaid layoffs. In addition, the Government has also announced a financial commitment of E5 million (US\$296,000) to establish an unemployment benefit fund (with a long-term/sustainable system-building perspective).

### **Simplifying and adapting administrative procedures and delivery mechanisms to facilitate access to benefits and services**

COVID-19 also has important implications for how benefits and services are administered and delivered to respond to the rapid surge in unemployment. Many unemployment protection schemes had to quickly adapt and increase their capacities to respond to this extraordinary situation, which will continue to require strong engagement and funding on the part of states.

In order to expedite income security for workers, some countries have reduced or removed waiting periods<sup>27</sup> to access unemployment benefits. In addition, many countries have waived requirements for in-person visits, job searches or reporting to employment services.

Digital technology is used in many countries to simplify administrative procedures and ensure physical distancing, extend outreach, expedite the processing of claims and disburse benefits. However, due regard should also be given to ensuring access to persons with limited digital literacy and access to electronic resources, in particular those living in rural areas where wireless or mobile phone connectivity are limited, as well as to ensuring data protection and privacy (ILO 2018).

- Brazil uses a mobile application (CAIXA) to identify workers who are not in any government register but are entitled to receive 600 reais (about US\$114) of assistance due to the COVID-19 crisis.<sup>28</sup> Mobile technologies are also being used in Costa Rica and Namibia for outreach and enrolment purposes (ILO 2020i).
- Norway and Switzerland have reduced the number of days between the period when employers have to pay the salary to workers in temporary layoffs and the period when workers are entitled to daily unemployment benefits, so as to reduce the loss of income for workers and safeguard the liquidity of employers.
- South Africa has introduced a Covid-19 relief distress grant of 350 rand per month for six months to provide economic and social relief to unemployed residents who do not qualify for the unemployment insurance fund, in particular workers in the informal economy.<sup>29</sup> To address concerns about implementation, the Government makes use of mobile messaging applications such as Short Messaging Service (SMS) and *WhatsApp* for registration purposes, as well as the issuance of e-vouchers that can be sent via mobile phones.<sup>30</sup> It has also staggered the payment of all other non-contributory benefits so as to avoid long queues.

<sup>25</sup> See Ireland, Department of Employment Affairs and Social Protection, “COVID-19 Pandemic Unemployment Payment”, 2020, and, Department of the Taoiseach, “Government Agrees next Phase of Ireland’s COVID-19 Response”, 2020.

<sup>26</sup> See Peru, “Coronavirus: preguntas y respuestas sobre el estado de emergencia”.

<sup>27</sup> According to international standards, the benefit need not be paid until the eighth day of the suspension of earnings (Convention No. 102, art. 24(3)).

<sup>28</sup> See Brazil, Federal Savings Bank, “Auxílio Emergencial Do Governo Federal”, 2020.

<sup>29</sup> See South Africa, Department of Employment and Labour, “Easy-Aid Guide for Employers: Reduced Work Time Benefits/Illness Benefits/Dependants Benefits”, 2020.

<sup>30</sup> See South Africa, Department of Employment and Labour, “Social Grants–Coronavirus COVID-19”; and South Africa, “SASSA on Applications Received for Special Coronavirus COVID-19 Social Relief of Distress Grant”, 14 May 2020.

► In Estonia,<sup>31</sup> France,<sup>32</sup> Spain,<sup>33</sup> Togo<sup>34</sup> and other countries, unemployment funds and employment services offices have suspended receiving persons at offices and instead are addressing requests via online services, telephone or regular mail; this includes job-matching, career services and skills development activities. Austria and Barbados have suspended the requirement to meet the employment councillor at the labour market service as a qualification for receiving unemployment benefits.<sup>35</sup>

### Mobilizing additional resources for the immediate extension of unemployment benefits

The measures taken to alleviate the socio-economic impact of the COVID-19 pandemic require the mobilization of significant amounts of resources. For countries that have unemployment insurance schemes in place, existing financing mechanisms from employer-employee contributions play an important role, including existing reserves. However, in the event of a protracted crisis, these may need to be supplemented by temporary state financing to accommodate the increase in benefit claims and lower revenues from contributions. In particular, such additional resources may be needed to allow for the extension of protection periods and the rising number of claimants and increased administrative costs.<sup>36</sup> In addition to their support for unemployment insurance schemes, states should also ensure that all other persons in need who are not covered by existing unemployment protection schemes are granted social assistance benefits that are sufficient to maintain their families in health and decency.<sup>37</sup>

Examples of the fiscal response packages introduced by states to respond to the crisis, including to expand the reach of unemployment protection, include:

- Albania's package of support measures of 23 billion leks (1.4 per cent of gross domestic product (GDP)) includes lek6.5 billion for the support of small businesses/self-employed workers that are forced to close activities due to the COVID-19 pandemic, by paying them twice the amount of tax-declared salaries, doubling unemployment benefits and social assistance payments.<sup>38</sup>
- Switzerland's fiscal allocation of 65 billion Swiss francs (about 9.3 per cent of 2019 GDP) includes over CHF8 billion for short-time work allowances and compensation for loss of earnings for self-employed workers and some employees affected by official measures to combat the coronavirus (such as parents who need to take care of children following the closing of schools).<sup>39</sup>
- Tunisia's emergency plan of 2.5 billion dinars (US\$0.8 billion or 2 per cent of GDP) includes D300 million for unemployment support.<sup>40</sup>
- Viet Nam's fiscal support package (₫266 trillion, 3.5 per cent of GDP) to support the economy includes additional unemployment protection benefits worth ₫36 trillion (0.5 per cent of GDP).<sup>41</sup>

Due consideration should be given to securing financial sustainability. Several countries have temporarily waived the payment of social insurance contributions to safeguard the liquidity of enterprises. Since these measures will have an impact on the sustainability of the social security system and its ability to respond to the needs of its members, states should also consider safeguarding workers' social security rights, including by ensuring that the missing amounts are "compensated" by general revenue (tantamount to a subsidized contribution); in the long term, states should create and sustain sufficient social security reserves.<sup>42</sup>

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<sup>31</sup> Estonia has postponed numerous active labour market measures until the end of the state of emergency, including all courses other than individual ones and those available online; career services for groups, work rehabilitation services for groups; work clubs and group work activities; and group practices. See [Eesti Töötukassa](#) website.

<sup>32</sup> See [Pôle emploi](#) website.

<sup>33</sup> See Spain, "Medidas Covid-19".

<sup>34</sup> In Togo, registration in the universal solidarity income programme is accessible through an online portal and payments are done through mobile carriers and telepayments. See Togo, "NOVISSI Program".

<sup>35</sup> See *Loop*, "Unemployed not Required to Go to BECCS in Warrens Anymore", 26 March 2020.

<sup>36</sup> This is in line with the Income Security Recommendation, 1944 (No. 67), which calls for the cost of benefits under social insurance schemes that cannot properly be met by contributions to be covered by the community (annex, para.26(8)); see also Peyron Bista and Carter (2017), p. 143.

<sup>37</sup> See Convention No. 102, art. 67; and Peyron Bista and Carter (2017), p. 143.

<sup>38</sup> See IMF, "Policy Responses to COVID-19: Policy Tracker: Albania".

<sup>39</sup> See IMF, "Policy Responses to COVID-19: Policy Tracker: Switzerland".

<sup>40</sup> See IMF, "Policy Responses to COVID-19: Policy Tracker: Tunisia".

<sup>41</sup> See IMF, "Policy Responses to COVID-19: Policy Tracker: Viet Nam"; see also section above entitled "Extending coverage and enhancing the adequacy of unemployment benefits".

<sup>42</sup> In this respect, ILO Convention No. 168 provides that "in cases where subsidies are granted by the State or the social security system in order 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" (art. 30).

In order to respond to the urgent needs resulting from the COVID-19 pandemic, international support should also be scaled up to support countries with insufficient economic and fiscal capacities, in line with *A UN Framework for the Immediate Socio-Economic Response to COVID-19*.<sup>43</sup> Many development partners have been extending support to developing countries by providing financial assistance as a means to address the economic and social consequences of the COVID-19 crisis. This includes efforts to support unemployed workers in the garment industry as a result of the cancellation and postponement of orders.<sup>44</sup>

### Coordinating income security with employment promotion measures to help those affected remain attached to the labour market

In addition to employment retention and unemployment benefits, governments have also relied on employment promotion measures to help their populations to remain attached to the labour market and avoid inactivity during the crisis. Employment promotion measures have included public employment programmes, job-matching, skills development and enterprise start-up support (United Nations 2020; ILO 2020).<sup>45</sup> Coordination between social protection and employment promotion measures is equally vital for workers who have lost their income and are not covered by unemployment protection schemes, including workers in the informal and rural economies. Public employment programmes, especially employment guarantee schemes, can also provide income security by guaranteeing a minimum number of workdays and/or wages for equivalent days of work. As long as the pandemic lasts, it is essential that such programmes take the necessary precautions to ensure hygiene and physical distancing (ILO 2020m).

- Ethiopia has adjusted its Productive Safety Net Programme to allow participants to receive an advance three-month payment and has also waived work obligations for that period. A similar income support benefit has been extended to other low-income groups (Gentilini et al. 2020).
- Hong Kong, China, has increased its annual funding for employment programmes and raised the ceiling of its on-the-job-training allowance.<sup>46</sup>

- Malaysia's employment insurance scheme finances training in line with physical distancing requirements, including digital training for a range of skill sets (Malaysia 2020a).
- Informal sector workers in the Philippines who have temporarily lost their livelihood due to confinement can apply to the temporary employment programme, which provides a maximum 10 days of work (in disinfection/sanitation of their houses and immediate vicinity). In turn, beneficiaries will receive orientation on safety and health, payment of 100 per cent of the highest prevailing minimum wage and enrolment in group micro-insurance.<sup>47</sup>

### Building back better: Strengthening unemployment protection for the future

In view of the socio-economic repercussions of the COVID-19 crisis, unemployment benefits have played and will continue to play a major role in securing the recovery from massive employment and activity losses, in conjunction with active labour market support interventions. Such benefits are essential to ensure that progress towards the Sustainable Development Goals is not derailed. To that end, employment retention and unemployment benefits will need to be designed, implemented and resourced in a way that ensures adequate levels of income security for workers as long as necessary in line with international standards, while also supporting their return to work as soon as health considerations permit.

This crisis has exposed wide gaps in unemployment protection, in particular for those in the informal economy and for many workers in non-standard forms of employment. It has also exposed the need to find innovative solutions to extend social protection coverage, including of contributory schemes, to better cope with future shocks. The role of efficient, coordinated, sustainable and responsive social protection systems has been shown to be pivotal in supporting recovery and preventing the crisis from leading to an informalization of employment. Well-coordinated economic, employment and social security policies can support a virtuous cycle of building human capabilities, enhancing employability and formalizing employment in order to support sustainable and inclusive economic

<sup>43</sup> United Nations, "A UN Framework for the Immediate Socio-Economic Response to COVID-19"; see also Recommendation No. 202, para. 12. Such support is also relevant in the context of SDG goal 17 on strengthening the means of implementation and revitalizing the Global Partnership for Sustainable Development, particularly with regard to the mobilization of resources (targets 17.1, 17.2 and 17.3).

<sup>44</sup> COVID-19: Action in the Garment Industry (IOE et al. 2020) urges the strengthening of social protection for workers, including unemployment benefits and job retention schemes.

<sup>45</sup> Recommendation No. 176 provides that "in periods of economic crisis, adjustment policies should include, under prescribed conditions, measures to encourage initiatives which involve the maximum use of labour on a large scale" (para.3).

<sup>46</sup> See Hong Kong, China, "2020–21 Budget: Highlights".

<sup>47</sup> See Philippines, Department of Labour and Employment, "DOLE Department Order 210: Guidelines for the Implementation of the Tulong Panghanapbuhay sa Ating Displaced/Disadvantaged Workers Program (TUPAD) #Barangay Ko, Bahay Ko, Disinfection/Sanitation Project", 18 March 2020.

growth, greater income security and better social services, which can further enhance the productivity and employability of the labour force (ILO 2011). Drawing the lessons of the crisis means strengthening social protection systems through appropriate legal frameworks, effective administrative systems and sustainable financing.

Governments, with the participation of social partners and guided by international social security standards, should therefore consider the following policy measures for responding to the crisis and its longer-term effects:

- States should ensure closer coordination and greater coherence of social protection and employment policies, in particular of unemployment protection schemes with active labour market policies, in order to achieve an integrated approach to the promotion of full, productive and freely chosen employment. Such policies should comply with the approaches of Conventions Nos. 122 and 168 and Recommendation No. 176. Together, they should be designed to sustain labour demand while economic activities recover, including through public employment programmes, and should also encourage employers to offer and workers to seek decent and productive employment. Employment services and lifelong learning measures should also play a key role in promoting the upgrading of workers' skills and capabilities in order to enhance their employability in the context of restructured labour markets and economies (Peyron Bista and Carter 2017).
- Unemployment protection schemes should be embedded in law and strengthened, along with efficient and responsive employment services, as set out in Conventions Nos. 102 and 168 and in Recommendations Nos. 202 and 176.
- The effective coverage of unemployment benefits should be ensured for all persons of working age, including workers in the informal economy, in line with Recommendation No. 204, in order to mitigate the consequences of potential future crises (ILO 2019, 2020d). This will also contribute to the sustainability and equity of social protection systems, enhancing their ability to cope with future shocks.
- Social dialogue is key for formulating immediate responses and will also be essential for addressing the social and economic challenges arising in the medium and long terms. This crisis therefore provides an opportunity for building, strengthening or restoring social dialogue by providing the conditions for an enabling environment, including by reinforcing the capacities of employers' and workers' organizations.
- Existing schemes should be reinforced to better face future crises, including by ensuring adequate administrative and financial capacities, in particular by creating and sustaining adequate social security reserves.

- Robust, sustainable and equitable financing mechanisms should be ensured, based on the principles of broad risk-pooling and social solidarity established by ILO social security standards (ILO forthcoming a).
- Fiscal space for social protection should be expanded by drawing on a wide range of options and national dialogue in order to generate political will and ensure the optimal mix of public policies to promote inclusive growth with jobs and social protection (Ortiz et al. 2019).

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Consult our websites for regular updates from the world of work response to the COVID-19

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