



International
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Ensuring better social protection for self-employed workers

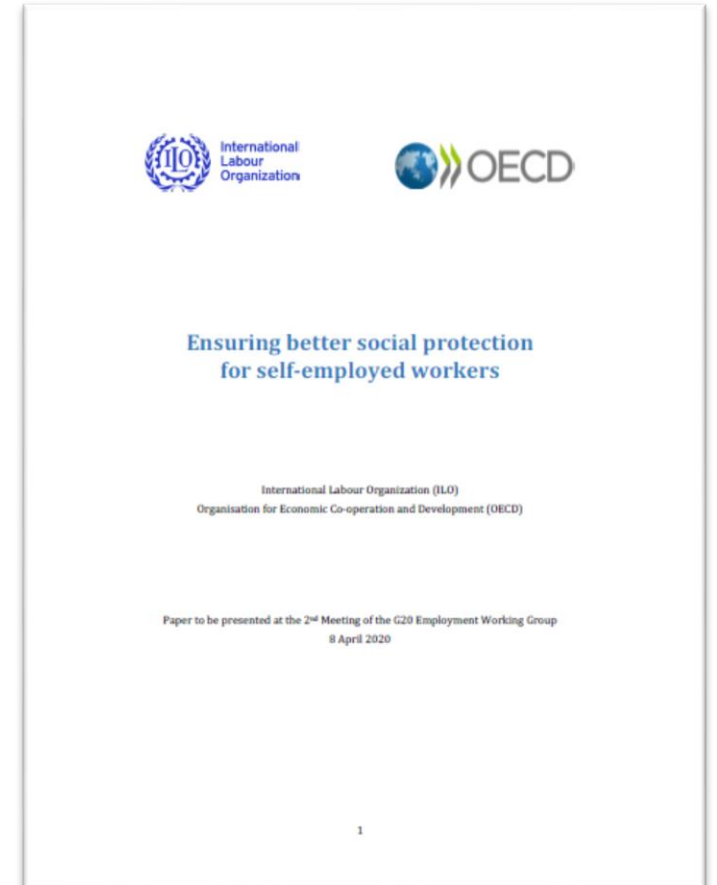
2nd meeting of the G20 Employment Working Group
8 April 2020

International Labour Organization
Organisation for Economic Co-operation and Development



Outline

- ▶ Introduction: Challenges and opportunities
- ▶ Trends in self-employment, dependent self-employment and platform work
- ▶ Gaps in social protection provision for self-employed workers
- ▶ Closing social protection gaps for self-employed workers: G20 policy responses
- ▶ Ensuring an effective monitoring framework
- ▶ Implications of the COVID-19 crisis for self-employed workers and G20 country responses



▶ Introduction: challenges and opportunities

Challenges for social protection systems

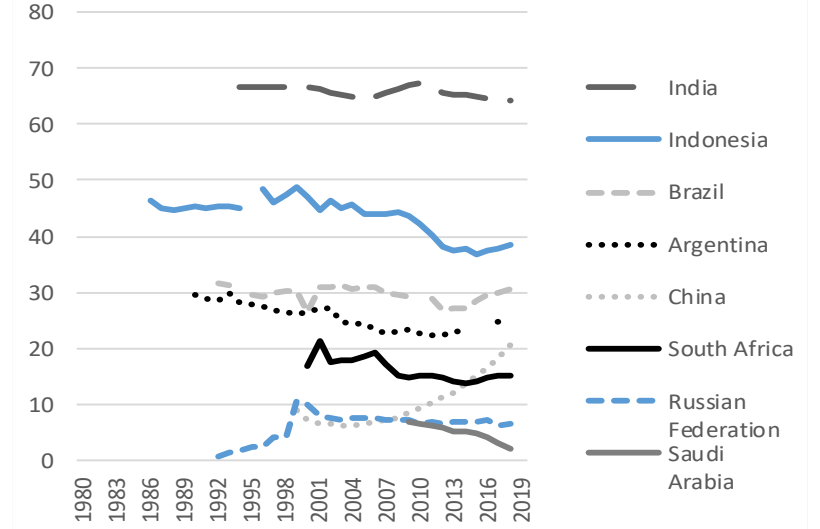
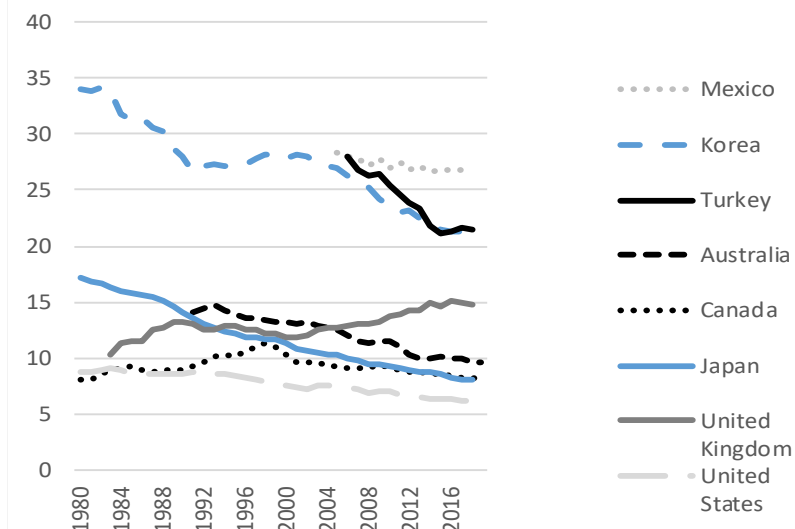
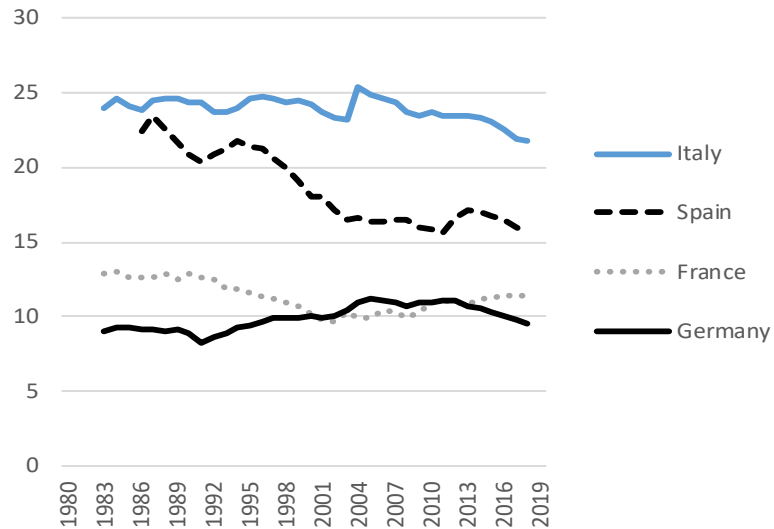
- ▶ Major coverage gaps for self-employed workers; in many emerging G20 countries, compounded by challenges of informality
- ▶ Increase in more diverse forms of employment associated to technological innovations, e.g. “crowd work”, “gig work”, and other forms of on-demand labour

G20 commitment to “promote **inclusive and sustainable social protection systems, including floors**” as part of a human-centred approach to the future of work

- ▶ Need for income protection and access to health care for workers in all forms of employment and supporting workers through life and work transitions (e.g. between salaried employment and self-employment and vice versa, multiple employers etc.), especially in light of future labour market disruptions
- ▶ Effective mechanism to support workers in managing risks throughout their lives
- ▶ COVID-19 crisis adds new urgency to the need for better protection of self-employed workers, in particular more vulnerable ones

In most G20 countries, the share of self-employment has declined

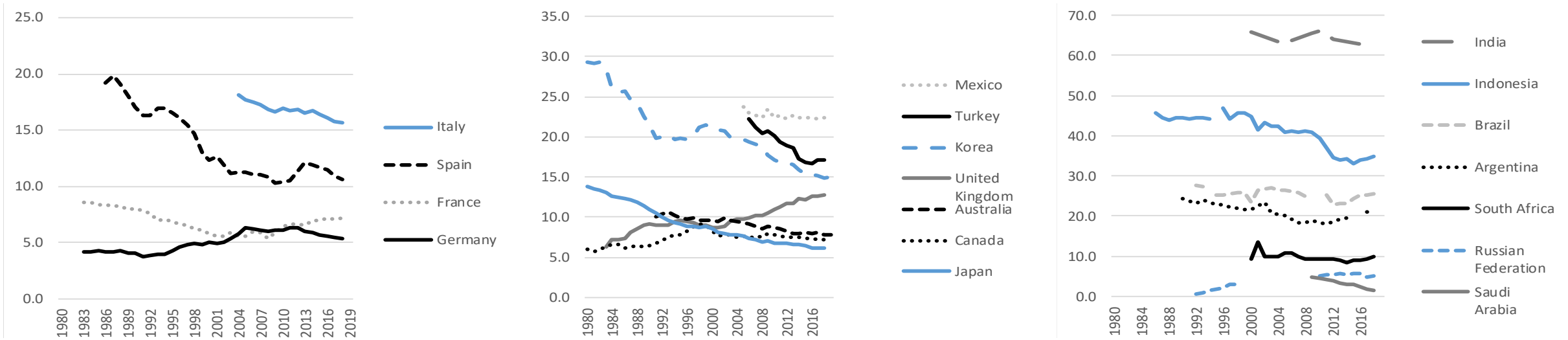
% of total employment



Source: ILO and OECD (2020). Ensuring better social protection for self-employed workers. Paper prepared for the Meeting of the G20 Employment WG under the Saudi Presidency.

General downward trend in own-account work across G20

% of total employment

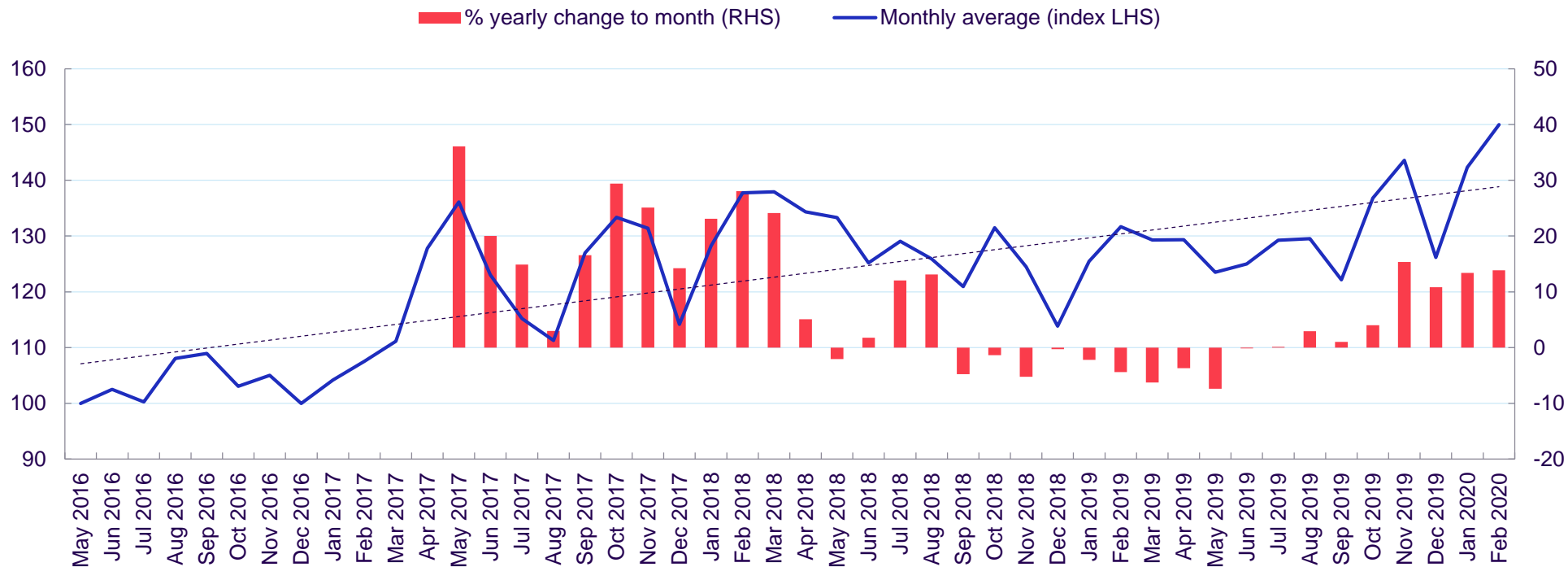


! High incidence of informal employment and working poverty among own-account workers

Source: ILO and OECD (2020). Ensuring better social protection for self-employed workers. Paper prepared for the Meeting of the G20 Employment WG under the Saudi Presidency.

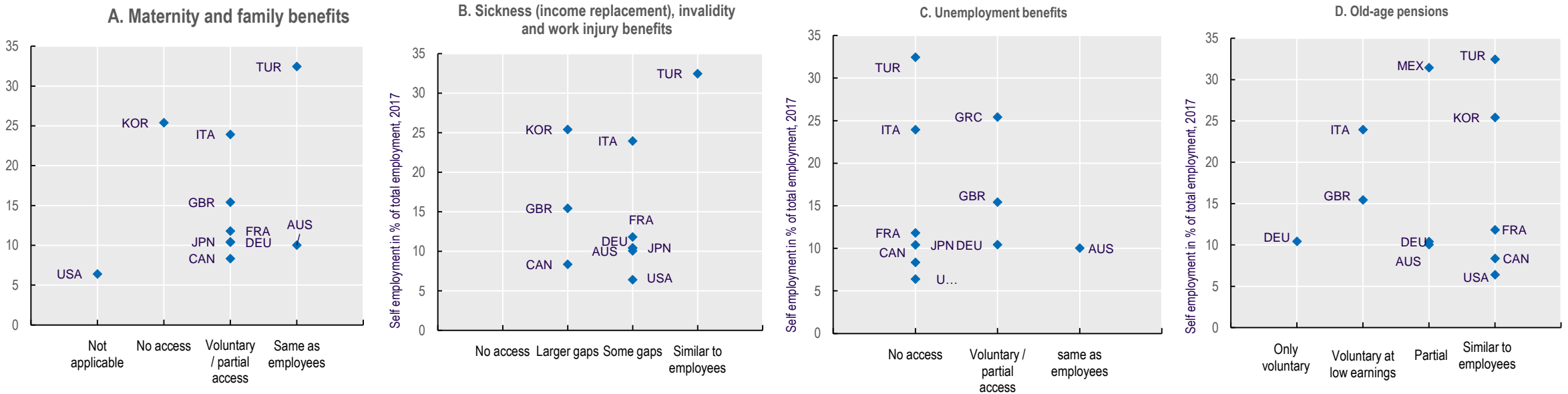
► Increase in platform work (but overall shares remain low)

Monthly averages of daily data for global new vacancies in English for online gig work, May 2016=100



Source: ILO and OECD (2020). Ensuring better social protection for self-employed workers. Paper prepared for the Meeting of the G20 Employment WG under the Saudi Presidency.

Major gaps in social protection coverage for self-employed workers



Source: ILO and OECD (2020). Ensuring better social protection for self-employed workers. Paper prepared for the Meeting of the G20 Employment WG under the Saudi Presidency.

▶ Challenges to extending coverage to self-employed workers

- ▶ *Fluctuating earnings*: make the calculation and collection of contributions more challenging
- ▶ *Double-contribution challenge*: requirement of self-employed workers to pay both the employer and employee share of contributions
- ▶ *High level of diversity*: self-employed workers differ in terms of circumstances, needs and contributory capacities
- ▶ *Limited administrative capacities* in terms of declaration, record-keeping and contribution collection
- ▶ *Incompatible design of social protection systems*: e.g. high levels of fragmentation can make it more difficult for the self-employed to contribute or qualify for benefits
- ▶ *Misclassification of the employment relationship*: particular challenge for many dependent contractors in the platform economy

▶ **Adapting social protection systems to ensure adequate protection for workers in all forms of employment, incl. the self-employed**

- ▶ Closing social protection gaps for self-employed workers
- ▶ Achieving better health outcomes (see COVID-19 crisis)
- ▶ Removing incentives to choose “cheaper” forms of employment over better protected forms of employment
- ▶ Contributing to level playing field between enterprises in “new” economy and “traditional” economy
- ▶ Ensuring equitable and sustainable financing of social protection systems

▶ Closing social protection gaps for self-employed workers: policy responses

1. Tackling disguised self-employment: addressing the issue of misclassification
2. Extending social protection to self-employed workers, including dependent self-employed workers
3. Ensuring an effective framework for monitoring progress in ensuring social protection coverage of workers in all forms of employment, including self-employment
4. Integrated policies to provide better employment and social protection for the self-employed

▶ 1. Tackling disguised self-employment: addressing the issue of misclassification

- ▶ Ensuring that employers and workers are aware of, and understand, existing regulations;
- ▶ Strengthening the capacity of labour inspectorates to monitor and detect breaches;
- ▶ Making it easier and less costly for workers to challenge their employment status by, for example creating a presumption of employee status unless shown otherwise or placing the burden of proof on employers;
- ▶ Increasing the penalties for firms misclassifying workers;
- ▶ Reducing incentives for firms and workers to misclassify employment relationships as self-employment in order to avoid/reduce taxes and regulations.

2. Extending social protection to self-employed workers, including dependent self-employed workers

- ▶ Adapting legal frameworks and financial and administrative arrangements to ensure coverage for workers in all forms of employment (e.g. Argentina, Brazil, China, France);
- ▶ Mechanisms to facilitate coverage for workers with complex or unclear employment relationships (e.g. Germany, India);
- ▶ Adapted solutions for registration, contribution collection and benefit payment mechanisms, harnessing the potential of digital innovation (e.g. Canada, France, Mexico);
- ▶ Reducing fragmentation, enhancing coordinating and ensuring portability of social protection rights and entitlements (e.g. Argentina, Brazil, Canada, Turkey);
- ▶ Integrating self-employed workers into unemployment protection to support labour mobility (e.g. Denmark, France);
- ▶ Guaranteeing at least a basic level of social security through a nationally-defined social protection floor (e.g. Argentina, China, South Africa).

3. An effective framework for monitoring progress in ensuring social protection coverage of workers in all forms of employment, including self-employment

- ▶ Clarifying and standardizing concepts and definitions (e.g. what is self-employment and dependent self-employment?);
- ▶ Adding and/or adjusting questions into existing household and labour force surveys;
- ▶ Using administrative data sources (such as tax and social security data) and linking them to survey data, where possible;
- ▶ Institute measures to ensure that digital platforms supply the relevant authorities with appropriate information on the work mediated through their platform, e.g. by partnering with the private sector, developing new data collection exercises (e.g. through special surveys or data crawling).

4. Integrated policies to provide better employment and social protection for the self-employed

- ▶ Social protection policies need to go hand in hand with measures in other policy areas, such as labour law, tax policies, collective bargaining and skills, to fill regulatory gaps and to improve working conditions of some self-employed workers.

Measures include for example:

- ▶ Strengthening workers' voice and the role of workers' organizations
- ▶ Extending collective bargaining rights to self-employed workers (e.g. Canada, Germany)
- ▶ Effective lifelong learning system and more investments in public employment services (e.g. France)
- ▶ Promoting transition from the informal to the formal economy (access to business advisory services, education and skills programmes) (e.g. India)

► Implications of the COVID-19 crisis for self-employed workers

Self-employed workers hit particularly hard by the health and economic crisis

- Dramatic impact of COVID-19 on sickness and job loss, affecting self-employed workers particularly hard
- Major social protection gaps for self-employed workers → risk of further contagion because many workers cannot self-isolate or are forced to continue working sick

COVID-19 crisis adds to urgency of “**ensuring adequate social protection for workers in all forms of employment**”:

- Guaranteeing effective access to health care for all and ensuring income support for sick and quarantined workers
- Unemployment protection benefits and short-term schemes for workers who lose their jobs or reduce their working time
- Family and care policies to support working parents as schools are closing and elderly relatives are particularly vulnerable
- Importance of inclusive social dialogue in tackling the causes and consequences of crisis

G20 responses to the COVID-19 crisis: ensuring better protection for self-employed workers

- ▶ Ensuring **effective access to health care**, such as by closing gaps in social health protection and extending financial protection (e.g. Australia, China, Japan, South Korea and United Kingdom)
- ▶ Ensuring **income security** during sick leave, such as by extending sickness benefits financed from general taxation to workers who are not entitled to paid sick leave otherwise, including the self-employed (e.g. Canada, Germany, United Kingdom)
- ▶ Providing **unemployment protection**, such as by extending coverage of unemployment protection schemes to self-employed workers, combined with active labour market policies (e.g. Canada, France, South Korea)
- ▶ Ensuring adequate **pensions**, such as by advancing the payment or increasing benefit levels (e.g. Argentina)
- ▶ Providing **income support** through social assistance and cash transfers (e.g. Australia, Italy)
- ▶ Family **leave and care policies** (e.g. Italy)
- ▶ Providing **financial support** to self-employed workers affected by a drop in demand (e.g. Australia, Germany, France)

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