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Ensuring better social protection for self-employed workers

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Executive Summary

This background note discusses the opportunities and challenges that arise from changing patterns of work and employment in G20 countries, with a particular focus on social protection coverage of self-employed workers. It also highlights the need to provide social protection to platform workers, many of whom are de facto classified as self-employed. The substantial economic and social impacts of the COVID-19 pandemic have magnified considerably these challenges and requires G20 countries to act swiftly and in a coordinated manner.

While there has been a long-term decline in self-employment (i.e. including employers with employees and own-account workers) in most G20 countries, the development of digital technologies and new business models has contributed to a more recent increase in new forms of self-employment. This includes the rise of online platforms and the emergence of platform-mediated work, such as “crowd work”, “gig work”, and other forms of on-demand labour.

Although a number of countries have taken steps to include self-employed workers - or at least some categories thereof – under parts of the labour and social security legislation, their social protection coverage still lags behind employees in many countries. In many cases, gaps in social protection coverage are associated with fluctuating earnings, high levels of diversity in the situation of self-employed workers, limited administrative capacities and design features of social protection systems.

To ensure a more even treatment of employment and social protection of workers irrespective of the form of their employment, a number of measures will need to be taken, tailored to the individual circumstances of each G20 economy. A necessary first step is to prevent the false classification of workers as self-employed who are to all intents and purposes dependent employees. The second step is to reduce the “grey zone” where there is some genuine ambiguity for workers between the status of dependent employees versus self-employment. This can

include reviewing and tightening definitions of what constitutes a dependent employment relationship as well as extending employment and social protection to specific categories of workers who are likely to have little effective control over their remuneration and working conditions. Finally, a number of other measures may be needed to narrow coverage gaps for self-employed workers as follows:

- Adapting legal frameworks and financial and administrative arrangements to ensure coverage for workers in all forms of employment;
- Introducing adapted solutions for registration, contribution collection and benefit payment mechanisms, harnessing the potential of digital innovation;
- Reducing fragmentation, enhancing coordinating and ensuring portability of social protection rights and entitlements
- Integrating self-employed workers into unemployment protection to support labour mobility
- Guaranteeing at least a basic level of social security through a nationally-defined social protection floor.
- Strengthening social protection for platform workers who provide services internationally.

These policies will require an effective framework for monitoring progress in ensuring social protection coverage of workers in all forms of employment, including self-employment and should form part of a broader set of policies aimed at improving their working conditions and ensuring decent work conditions.

1. Introduction

Globalization, technological innovations, demographic change and climate change are profoundly affecting labour markets in G20 countries. These developments can bring new opportunities for some workers, but can also increase risks for others, and can widen disparities (ILO and OECD 2018; OECD 2019a; Global Commission on the Future of Work 2019). The rise of more diverse forms of employment has highlighted a key challenge of ensuring adequate social protection for workers in non-standard forms of employment and for self-employed workers in particular (ILO 2016; OECD 2019a; ILO and OECD 2018)

The substantial economic and social impacts of the COVID-19 pandemic, including a significant loss of jobs and incomes, has magnified this challenge that requires G20 countries to act swiftly and in a coordinated manner (ILO 2020a; OECD 2020b). The consequences of the pandemic may be particularly harsh for the self-employed. Containment measures mean that for many self-employed workers, demand has all but disappeared, particularly in some industries. Depending upon the length of the crisis, this could have dramatic consequences for their livelihoods. The COVID-19 crisis adds new urgency to the important topic address in this paper: the need to better protect self-employed workers, and in particular the more vulnerable ones.

The need to ensure social protection for workers in all types of employment, including the extension of social security to self-employed workers, has been identified as one of the challenges to be urgently tackled by the G20 (2020). The G20 Ministerial Declaration “Shaping a Human-Centered Future of Work”, adopted in September 2019, committed to a human-centred approach to the future of work with individuals at the centre stage of economic and social policies. It called for effective policy responses to address the key challenges faced by workers in new forms of employment, including “inadequate social protection, restrictions to social dialogue and collective bargaining, respect for workers’ rights, and the promotion of decent work” (2019, para. 31).¹ Together with earlier G20 Declarations, this Declaration reflects a shared vision among the G20 countries to: “promote inclusive and sustainable social protection systems, including social protection floors” (2017b); ensure that social protection systems are “adequate, sustainable, adaptable and responsive to the new social and labour market dynamics” (2018); and develop “policy solutions and coordination to ensure access to appropriate social protection for workers in all forms of employment and work arrangements, so that workers are supported to manage risks and adapt to different circumstances as the labour market continues to change” (2017b Annex A).

Furthermore, it reinforces the call made in the ILO Centenary Declaration for the Future of Work², adopted in June 2019, for universal access to comprehensive social protection systems that are adequate, sustainable and adapted to development in the world of work. These measures should be combined with effective lifelong learning, gender equality and policies that support people through work and life transitions, more investment in institutions that ensure the adequate protection of all workers and the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

It also reflects the OECD Jobs Strategy (2018a) which calls upon countries to promote an environment in which high quality jobs can thrive, to prevent labour market exclusion and protect individuals against labour market risks, and to prepare for future opportunities and challenges in a rapidly changing economy and labour market. The Jobs Strategy encourages

¹ The discussions build on the G20 Ministerial Declaration on “Fostering Opportunities for an Inclusive, Fair and Sustainable Future of Work” (G20 2018), as well as the G20 Ministerial Declaration “Towards an Inclusive Future: Shaping the World of Work” (G20 2017b) that call for social protection systems that are adequate, sustainable, adaptable and responsive to the new social and labour market dynamics.

² https://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_711674.pdf.

governments to ensure that workers remain protected against labour market risks in a world where flexible forms of work are likely to increase. This includes ensuring that everybody has access to social protection and is covered by basic labour market regulations.

This background note discusses the opportunities and challenges that arise from changing patterns of work and employment in G20 countries, with a particular focus on social protection coverage of self-employed workers. It also highlights the need to provide social protection to platform workers, many of whom are de facto classified as self-employed. The analysis builds on previous conclusions of G20 meetings (G20 2017a; 2017b; 2018; 2019), related earlier papers by the ILO and OECD for the G20 (in particular ILO and OECD 2018; OECD 2019a; ILO 2018a) and existing statistical data.

Key questions discussed in this background note are the following:

- What are the trends in self-employment, dependent self-employment and platform work?
- Do social protection systems cater to the new labour market realities? What are the gaps in social protection provision for self-employed workers?
- How can G20 countries adapt their social protection systems to ensure adequate protection for workers in all forms of employment, including self-employed workers? What specific measures are necessary to prevent the misclassification of employment, which can result in exclusion from social protection?
- How could G20 countries better monitor progress made in ensuring social protection coverage of workers in all forms of employment, including self-employment?
- How could G20 countries enhance social protection for self-employed workers in the context of the COVID-19 pandemic and beyond?

2. Changing patterns of work with regard to self-employment: challenges for social protection systems

2.1 Trends in self-employment, own-account work and platform work

Classifying the status of workers as either paid employees or self-employed is not straightforward. In practice, most countries have used a self-declared status in employment to determine the status in the LFS which have created a somewhat blurry distinction between workers in employment for pay and workers in employment for profit. The classification for statistical purposes has recently undergone a number of changes in terms of international classification (see Box 1) and one of the more important improvements have been the introduction of a more clear distinction between workers in employment for pay and workers in employment for profit”.

Box 1: Recent changes in the statistical classification of self-employment

Self-employment is traditionally understood as non-salaried employment that is employment that generates profit rather than being compensated by a salary. This was the basis for the 1993 International Classification of Status in Employment (ICSE-93) which classifies jobs into five main categories. These can be grouped under two main types of jobs: paid employment jobs (employees) and self-employment jobs (employers, own-account workers, contributing family workers and members of producers’ cooperatives). Employees are all those workers who hold jobs that are paid a basic remuneration that is not directly dependent upon the revenue of the unit for which they work. Employers are those workers who engage employees on a regular basis and whose remuneration is directly dependent upon the profits derived from the goods and services produced. Own-account workers are those workers who are also self-employed but without employees. This paper mainly focuses on self-employed workers, including own-account workers.

However, the ISCE-93 classification was not clear in the treatment of certain groups of workers on the boundary between being employees and self-employed and did not take into account that workers exert different degrees of authority and control over the organization of their work as well as facing a different degree of economic risk. For these reasons the International Conference of Labour Statisticians adopted in 2018 a revised Classification of Status in Employment (ICSE-18), that introduced a classification of jobs according to the two dimensions:

- The **type of authority**, referring to the nature of the control that the worker has over the organization of his or her work, the nature of authority that he or she exercises over the economic unit for which the work is performed, and the extent to which the worker is dependent on another person or economic unit for organization of the work and/or for access to the market
- The **type of economic risk**, referring to the extent to which the worker may be exposed to the loss of financial or other resources in pursuance of the activity; and experience unreliability of remuneration in cash or in kind or receive no remuneration

Based on this classification, workers can be categorised along these two dimensions:

		ECONOMIC RISK	
		Workers in employment for pay	Workers in employment for profit
AUTHORITY	Independent workers	<ul style="list-style-type: none"> • Employers in corporations • Owner-operators of corporations without employees 	<ul style="list-style-type: none"> • Employers in household market (unincorporated) enterprises • Own-account workers in household market (unincorporated) enterprises without employees
	Dependent workers	<ul style="list-style-type: none"> • Permanent employees • Fixed-term employees • Short-term and casual employees • Paid apprentices, trainees and interns 	<ul style="list-style-type: none"> • Dependent contractors • Contributing family workers

This classification provides a useful analytical framework for the development of effective policies to extend social protection to self-employed workers. This paper is concerned in particular with the different types of workers in employment for profit, noting that particular challenges exist for those workers who have little control over the organisation of their work (dependent workers), namely dependent contractors and contributing family workers. In some contexts, independent workers in employment for pay may be in situations comparable with workers in employment for profit with regard to their social security coverage and will therefore also be considered.

Source: Based on ILO 2019b; ICLS 2018a; 2018b.

In general, the long-term trend of self-employment (i.e. including employers with employees and own-account workers) in G20 countries shows a decline, yet with some exceptions. This partly reflects that, as workers have moved from agriculture into industry or services, wage employment has increased. This has been the trend in China, for example, as well countries in Southern Europe. Nevertheless, there have been recent increases in self-employment in a number of countries, including the United Kingdom and France and Indonesia. In Brazil and Argentina, there had been a decline in self-employment during the strong period of economic growth in the late 2000s/early 2010s, but this trend since reversed.

Levels of self-employment also vary significantly across G20 countries. They are generally higher in emerging economies (64.1% in India) and lowest in advanced economies (6.1%) in the United States.³ Both the Russian Federation and Saudi Arabia also have very low levels of self-employment.

There has also been a general downward trend in the share of own-account work (i.e. independent workers without employees) in G20 countries (Figure 1B). A few exceptions include: France and the United Kingdom (among advanced countries), and slight upticks in recent years in a few emerging economies (Indonesia, Brazil, Argentina). No annual data are available for either the United States or China. Again, as for self-employment more generally, the prevalence of own-account work varies significantly across G20 countries, ranging from 1.4% in Saudi Arabia to 62.4% in India. In general, own-account work is more common in emerging economies. Working poverty is particularly high among own account workers (ILO 2019d). In emerging economies, there is a strong overlap between own-account work (and self-employment more generally) and informal employment. It has been shown that own-account workers are the employment status with the highest share of informality (ILO 2018b). Working poverty is also very high among own-account workers in emerging economies (ILO 2019d).

The development of digital technologies and new business models has contributed to the rise of online platforms and the emergence of platform-mediated work, such as “crowd work”, “gig work”, and other forms of on-demand labour. Most of such work is carried out as some form of non-standard employment or self-employment, and in particular by own-account workers.

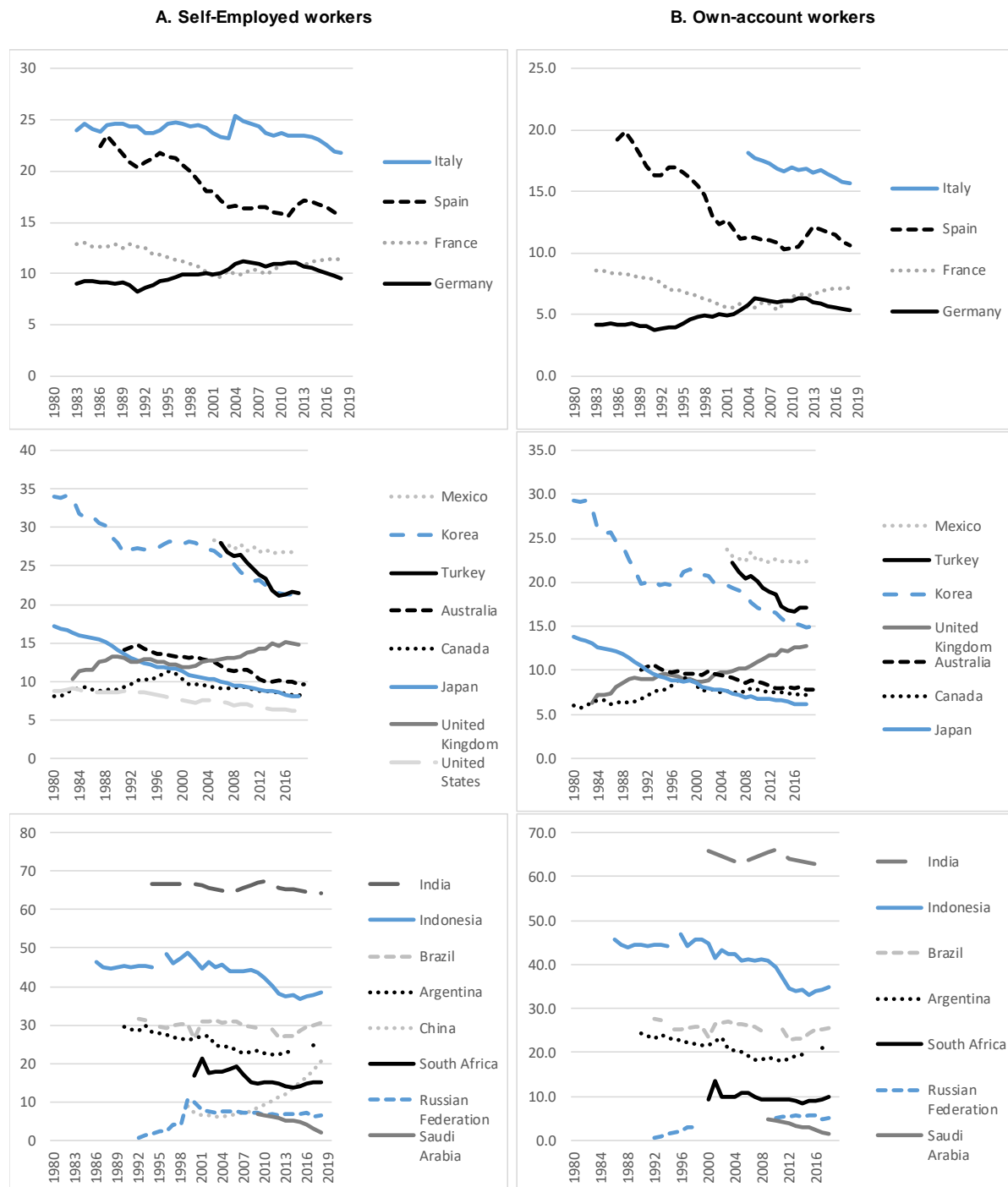
Good estimates of the prevalence of platform work are currently not available, let alone internationally comparable statistics. This is because such information is not currently collected through standard labour force and household surveys. The available estimates indicate that, although this segment of the labour market has experienced rapid growth, it is still very small. A recent survey of 14 European countries indicates that less than 2% of the entire labour force, on average, mentions platform work as their primary activity (Pesole et al. 2018; see also Brancati Urzì, Pesole, and Fernández Macías 2020). Furthermore, this is likely to be an overestimate due to the features of the survey design, which is based on an online tool that tends to over-represent the most technologically-savvy part of the population. Most of the other existing studies covering a range of countries have typically produced estimates that vary between 0.5% and 3% of the labour force (see OECD (2018b) for a survey of the literature). The most recent evidence from the United States, for example, indicates that platform workers accounted for 1% of total employment in May 2017 (United States Bureau of Labour Statistics 2018).

One particular form of platform work is online gig work (i.e. work that is carried out entirely online, as opposed to platform work which is carried out locally, like delivery and ride-sharing). The Oxford Online Labour Index compiles from web scraping the total number of new vacancies for five major online gig platforms. The index indicates that gig work has been growing roughly by 9% per year since mid-2016 (Figure 2). However, the growth has been very uneven with fast growth initially, followed by some slowdown and negative growth with a pick up more recently

³ Note that for countries like the United States, Canada and Australia, these trends do not depend on the definition of self-employment used, i.e. whether incorporated self-employed are included or not included in the count of the self-employed.

towards the end of 2019. Further research has shown that while around 80% of demand for online work comes from OECD countries, only 20% of online workers are based in OECD countries (OECD 2018b).

Figure 1. Trends in the share of self-employed and own-account workers in total employment (per cent) in G20 Countries

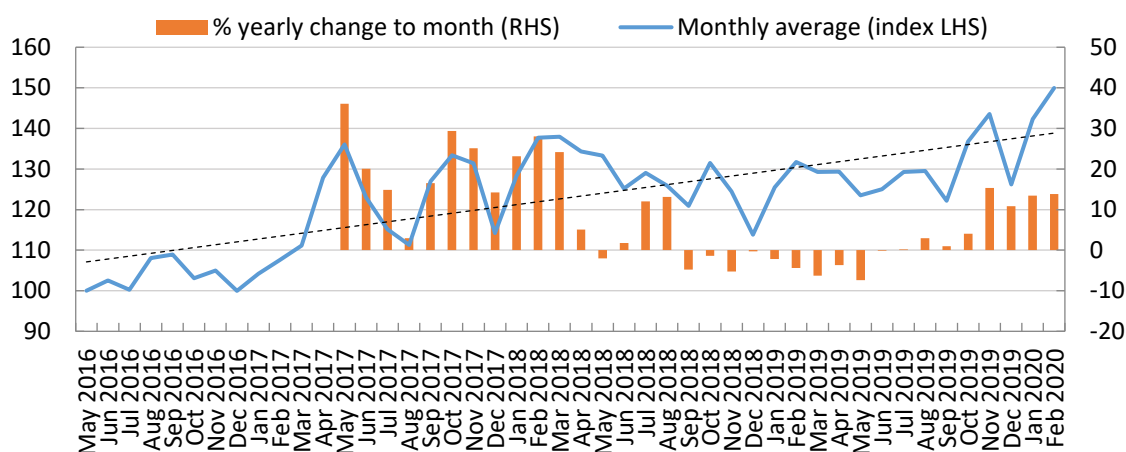


Notes: Statistics are consistent with the International Classification of Status in Employment (ICSE-93). Break in series in 2003 for Argentina with the introduction of the extension of the geographical coverage of the *Encuesta Permanente de Hogares for Argentina*, in 2012 for Brazil with the introduction of the PNAD continua and in 2018 in South Africa with the introduction of the Quarterly Labour Force Survey. Statistics for Argentina refer to selected urban areas. According to the National Statistical Authority (INDEC), LFS series published for Argentina after the first

quarter of 2007 and until the fourth quarter of 2015 must be considered with caution. Because there are only few data points for India and Saudi Arabia, series have been extrapolated to show trend changes.

Source: National Labour Force Survey results for Australia (Australian Bureau of Statistics, Cat No. 6291.0), Canada (CANSIM Table 14-10-0027-01), Indonesia (Sakernas), Japan (Statistics Japan, Historical Table 4), Korea (EAPS), Mexico (ENOE) and the United States (CPS, employment by class of workers). European Union Labour Force Survey (EU-LFS) published by Eurostat for the European Union, France, Germany, Italy, Spain, Turkey and the United Kingdom. ILOSTAT data based on labour force surveys for Argentina, Brazil, India the Russian Federation and Saudi Arabia. Official estimates published by the Central Bureau of Statistics (CBS) for China.

Figure 2. Online gig work has grown rapidly from a small base: Monthly averages of daily data for global new vacancies in English for online gig work, May 2016=100



Source: Oxford Internet Institute's Online Labour Index. See Kässi, Otto; Hadley, Martin; Lehdonvirta, Vili (2019): Online Labour Index: Measuring the Online Gig Economy for Policy and Research. figshare. Fileset. https://figshare.com/articles/Online_Labour_Index_Measuring_the_Online_Gig_Economy_for_Policy_and_Research/3761562

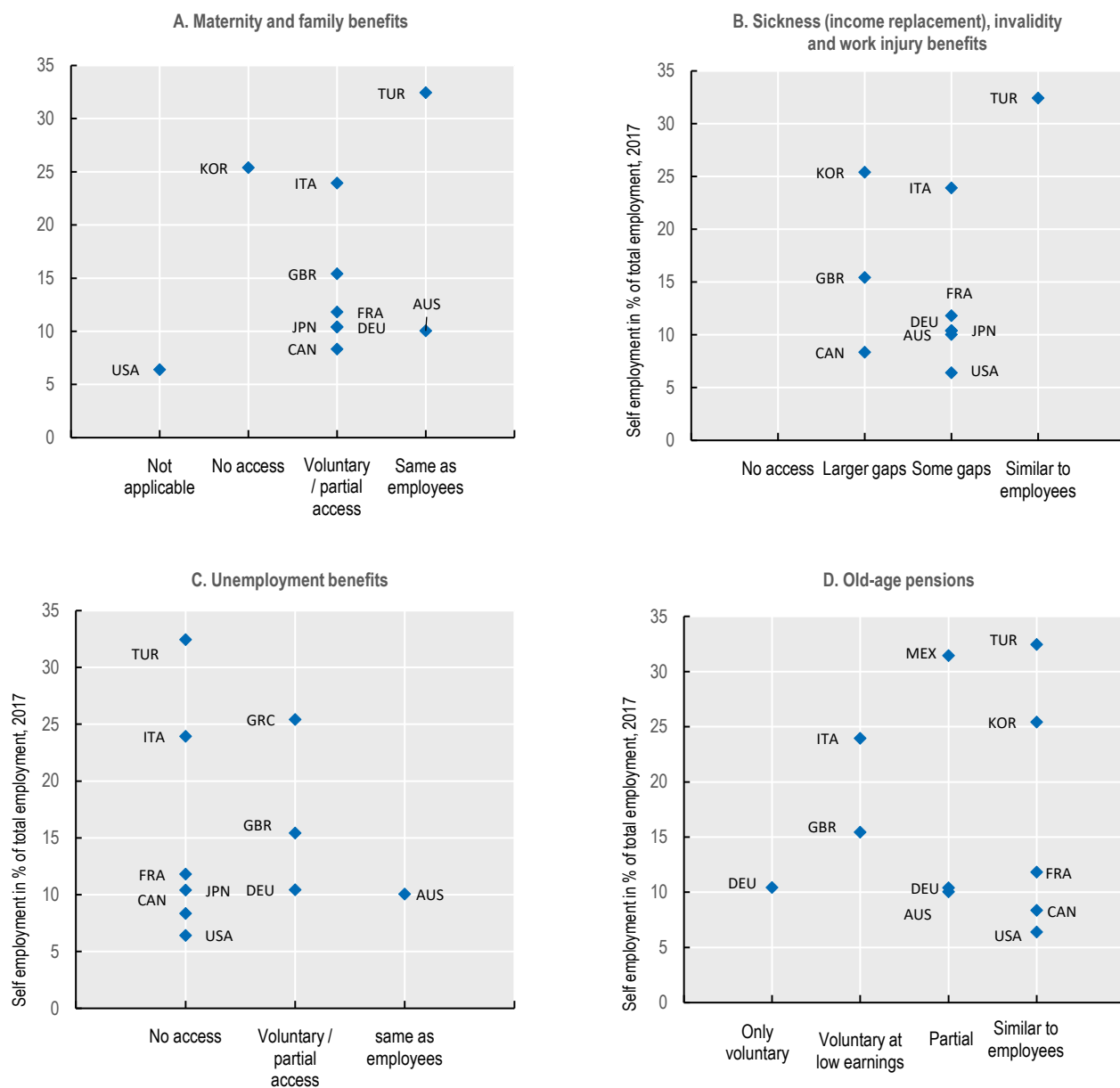
2.2 Gaps in social protection provision for self-employed workers

Although a number of countries have taken steps to include self-employed workers - or at least some categories thereof - under parts of the labour and social security legislation, their social protection coverage still lags behind employees in many countries (OECD and ILO 2019; ILO 2019a; OECD 2019a). Self-employed workers are still less likely than standard employees to have access to social protection, particularly for unemployment, and where they do, the level of protection is often lower than those of "standard" employees (OECD 2019a, see Figure 3).

Gaps in social protection coverage of self-employed workers are often associated with specific challenges (ILO 2019a; OECD 2019a). These include in particular:

- *Fluctuating earnings*: The earnings of self-employed workers tend to be more volatile compared to employees, which makes the calculation and collection of contributions more challenging.
- *Double-contribution challenge*: Self-employed workers usually need to shoulder both the employer and employee share of contributions, unless specific measures are in place to provide for an adjusted contribution rate at least for some categories of the self-employed.
- *High level of diversity*: Self-employed workers are very diverse in terms of circumstances, needs and contributory capacities, ranging from liberal professions and business owners to small scale farmers or contributing family workers and more recently, workers on digital platforms.

Figure 3: Statutory access for self-employed workers in selected G20 countries



Note: Gaps between standard dependent employees (full-time open-ended contract) and self-employed workers. "Partial access" to benefits can arise if a) eligibility conditions, benefit amounts or receipt durations are less advantageous for self-employed workers; b) insurance-based and non-contributory benefits co-exist and individuals can access only the latter (e.g. only basic pension and not earnings-related); or c) the self-employed can choose to declare a lower contribution base while dependent employees pay contributions on full earnings (possibly subject to a ceiling). "No access": compulsory for dependent employees but self-employed are excluded.

Maternity and family benefits: "no access": access to neither maternity benefits nor family allowances, "voluntary/partial access": voluntary or partial access to both schemes, or full access to one, but no access to the other. "Not applicable": schemes do not exist.

Sickness, invalidity and work injury benefits: "no access": "no access": access to none of these benefits, "larger gaps": less than full access to all of the benefits and no access to at least one; "some gaps": no access to one benefit and at least partial access to the others, or voluntary or partial access to all three benefits; "similar to employee": at least partial or voluntary access to all benefits, and at least full access to one.

Old-age pensions: "voluntary at low earnings": coverage is generally similar to employees but opt-out is possible if earnings are below a certain threshold. "Similar to employees": mandatory coverage as for employees but contributions may still differ.

Source: Based on OECD (2019a, fig. 7.2).

- *Limited administrative capacities*: Some categories of self-employed workers, especially

own-account workers, have limited capacities in terms of declaration, record-keeping and contribution collection that need to be taken into account.

- *Design of social protection systems*: Some design features of social protection systems, such as high levels of fragmentation, can make it more difficult for self-employed workers to contribute or qualify for benefits (ILO 2019a; 2019b).

In many cases, coverage for self-employed workers, if it exists, is provided in a rather fragmented way. In view of high labour mobility, and the fact that many workers move between dependent employment and self-employment, or combine the two, the lack of portability and transferability of rights and entitlements between schemes can result in inadequate social protection coverage, particularly for long-term benefits such as pensions.

A particular challenge in the context of covering self-employed workers is the correct classification of the employment relationship (ILO 2016; OECD 2019a). Many dependent contractors depend on a single client, a single supplier of the material input, or an intermediary for access to clients⁴; in such situations the client, supplier or intermediary may exert a similar level of control over their working conditions as an employer. For this reason, many countries are reviewing their legal frameworks to avoid the misclassification of workers and clarify rights and obligations for the respective parties, which has also implications for social protection coverage (see section 3.1).

Gaps in social protection coverage and inadequate benefits for self-employed workers not only exacerbate economic insecurity and inequality, including gender inequality, but also threaten to erode the financial sustainability of social protection systems with the risk of undermining social cohesion, as well as health outcomes, as the COVID-19 crisis has shown. If only some categories of workers are covered by social protection systems and liable to contribute, while others are not, employers may face incentives to choose “cheaper” forms of employment over better protected forms of employment. This raises concerns about the equitable and sustainable financing of social protection systems. There have been concerns that the “new” economy freerides on the “traditional” economy with regard to the financing of social security (Berg 2016; De Stefano 2016; Eurofound 2018; OECD 2018a).

In order to ensure that future labour markets and societies are well-functioning and equitable, countries need to close social protection gaps and guarantee effective access to adequate and comprehensive social protection to workers in all forms of work, including self-employment. In the light of ongoing transformations in the world of work, adequate social protection is also critical to support workers through the more frequent life and work transitions (including between different employment status, multiple employment) and to facilitate structural transformations of national economies (Global Commission on the Future of Work 2019; OECD 2019a).

⁴ Examples for these three categories could be (1) a graphic designer exclusively working for one company; (2) a homemaker subcontracted to preform assembly work and where the material for the production is provided by the trader; and (3) a ride-hailing driver working through a digital platform.

Box 2: Measuring social protection coverage of self-employed workers

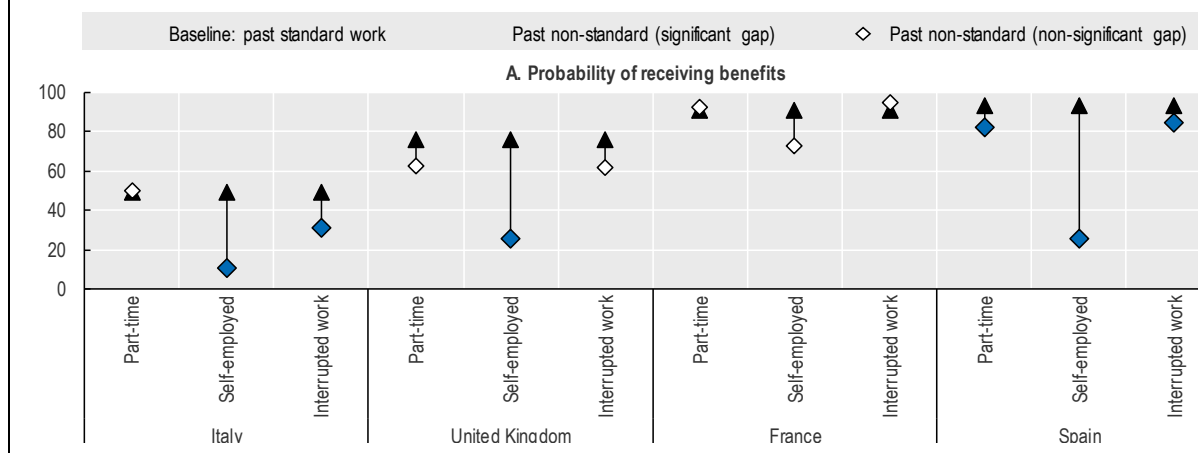
Comparisons of legal eligibility rules for the social protection of standard and self-employed workers give an incomplete picture of the effective access in practice: self-employed workers may find it more difficult to meet entitlement criteria for benefits, even if they are the same as for employees. The fluctuating earnings of the self-employed complicate the assessment of earnings both with regard to calculating contributions as well as applying means-tests (see OECD 2019a), or administrative costs of benefit claims may be higher for the self-employed. Some countries offer voluntary social protection to the self-employed, but enrolment may be low (OECD 2018a).

OECD (2019a) estimates effective social protection gaps based on actual data on the receipt or not of social benefits for people depending on their former employment status. The approach consists of estimating a statistical model of benefit entitlements controlling for the most important determinants of social benefits. As benefit access and amounts often depend on past events, the analysis relies on longitudinal household data that include information on current and past employment and earnings. The main variable of interest is the value of the total benefit package, rather than any individual category of social transfer, reflecting the fact that countries provide support through different channels and programmes. The sample comprises all working-age individuals aged 18-64 who are not retired and not in full-time education. The policy scope comprises the most important social transfers to working-age individuals and their families: unemployment and disability benefits as well as housing, family, in-work and guaranteed minimum income transfers.

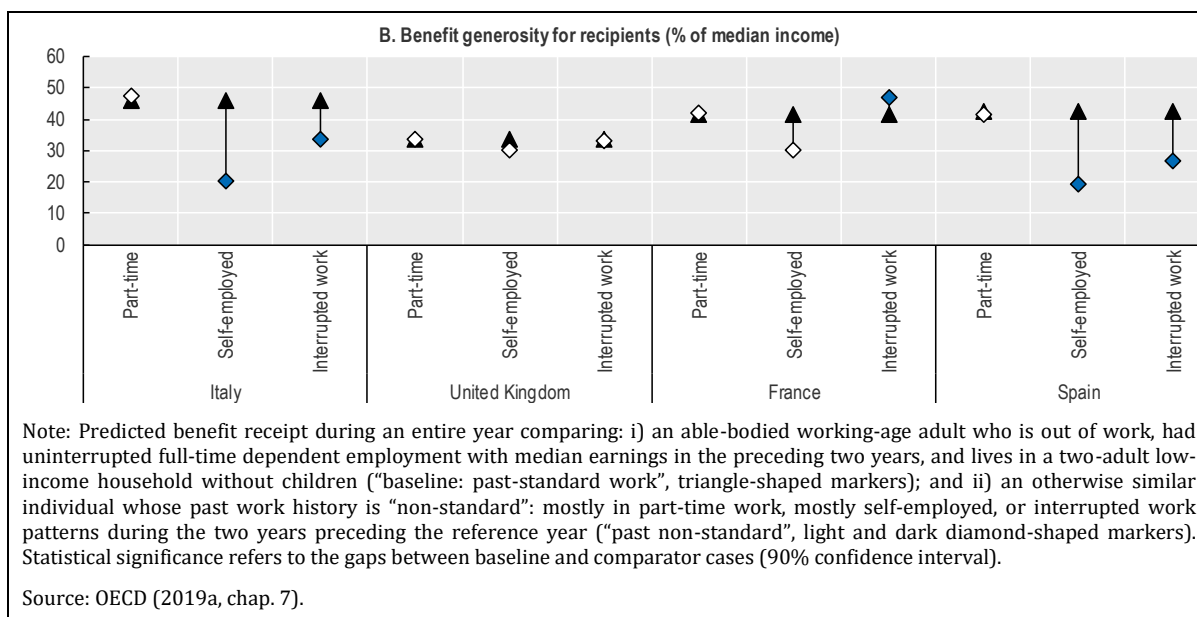
The empirical work proceeds in two steps. A first step estimates the relationship between household benefit receipt and key structural drivers of income support from the European Union Statistics of Income and Living Conditions (EU SILC).⁵ A second step uses the estimated relationships to infer the probability and amount of benefits that would be received by individuals with specific household circumstances (“vignettes”), e.g. a jobless person who has worked as a standard worker in the past versus the same person with past self-employment.

The results show sizeable accessibility gaps for self-employed workers in some countries (Figure 4): in Italy, only 10% of previously self-employed workers without labour earnings receive benefits, in the United Kingdom and Spain it is around 25%. Where unemployment insurance is not open to self-employed workers, they have to rely on lower-tier minimum income benefits – both Italy and Spain did not have national minimum income benefits in 2014-15. But even where they exist, they often have strict means and asset tests and are subject to significant non-take-up. They are also typically much less generous than unemployment insurance benefits. The example of France, however, shows that such a tiered social protection system can be successful in providing income support to self-employed workers (France did not have compulsory Unemployment Insurance for self-employed workers in 2014-15).

Figure 4. Support gaps can be sizeable for the self-employed: Overall support package for working-age individuals, 2014-15



⁵ Work in progress extends the country coverage to non-European countries.



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

3.1 Tackling disguised self-employment: addressing the issue of misclassification

An essential step in closing social protection gaps for self-employed workers is to tackle false self-employment (also sometimes referred to as disguised, sham, bogus or pseudo self-employment), by clarifying the nature of the employment relationship⁶ and ensuring that respective rights and obligations of all parties are respected (ILO 2016; OECD 2019a). This occurs when individuals are classified as self-employed but, to all intents and purposes, work as employees. Some employers deliberately misclassify their workers as self-employed in order to avoid employment and social security regulation, fiscal obligations, workers’ representation, as well as to shift risks onto workers and/or gain a competitive advantage.⁷ This should be cracked down on. Similarly, workers’ misclassification of themselves as self-employed to avoid taxes should be addressed. Misclassification harms individuals, but also may put firms that follow the rules at a disadvantage and undermines public finances. The following measures can be taken to tackle false self-employment:

- Clarify, simplify and/or revise the rules and regulations for classifying workers, providing for the principle of the “primacy of facts”⁸. For example, in the United States, the

⁶ ILO Employment Relationship Recommendation, 2006 (No. 198)

⁷ This includes preventing deliberate attempts by employers to misclassify workers as self-employed or employ workers through a third party in a multi-party arrangement, in order to circumvent labour law and social protection provisions (European Commission 2017). In recent years, many national courts have ruled that platform workers should be considered as employees on the grounds that platforms intervene in workers’ price setting, working time and work organization, which illustrates the need for a review and possibly revision of legal frameworks (OECD 2018c; Prassl 2018). Most of these judgments referred to locally provided work, such as chauffeur services or delivery workers, but similar challenges exist for crowdworkers (Berg et al. 2018; Behrendt, Nguyen, and Rani 2019).

⁸ Many national jurisdictions provide for such a principle whereby the determination of the existence of an employment relationship should be guided by the facts relating to the actual performance of work, and not on the basis of how the relationship is described by the parties.

Department of Labor published guidance in 2015 to help with the classification of employees and independent contractors. Australia has launched an “Independent Contractors Decision Tool” which helps firms, based on a series of questions they need to answer, identify whether their workers should be classified as a contractor or as an employee.

- Make it easier/less costly for workers to challenge their employment status, for example by: placing the burden of proof on the employer (rather than on the employee), reducing court fees, simplifying procedures, reducing the risks to workers, and/or protecting workers against potential retaliation. Indeed, increasing the cost could have adverse effects. In the United Kingdom, for example, the introduction in July 2013 of launch and hearing fees of GBP 1 200 for an individual bringing a claim to the employment tribunal has led to a drop in claims of over 70%, which has affected disproportionately the bottom end of the claim distribution (Adams and Prassl 2018)
- Allow labour authorities and/or unions to take cases to court. In Australia, Spain and the United States, the labour authority can seek a civil remedy on behalf of the aggrieved workers even in the absence of consent, particularly in cases where an important public interest is concerned (OECD 2014). In Sweden, trade unions can take employers to court on behalf of the worker (Williams and Lapeyre 2017).
- Strengthen the penalties for firms not complying with legislation. Policy options include: reclassification of the employment relationship; imposing retroactive payment of taxes and social security contributions; imposing greater penalties if firms continue to breach the law in repeated comparable cases; and extending the application of tribunal judgments beyond the plaintiffs and to the entire workforce in a similar situation.
- Strengthen the labour inspectorate’s capacity to monitor and detect breaches, e.g. increased responsibilities and resources (including the number of inspectors), innovative methods to inspect those working from home/on platforms (e.g. new technological tools), training, and collaborations with social security and tax authorities. In the United States, for example, the Internal Revenue Service has made employment tax compliance, including preventing the misclassification of workers as independent contractors, an enforcement priority and coordinates its actions with those of the Department of Labor.
- Reduce any incentives for firms and workers to misclassify employment relationships as self-employment. In some countries, discrepancies in taxes and social security contributions create incentives for employers and/or individuals to shift away from standard employee relationships to self-employment, or other non-standard forms of employment. For example, Italy gradually harmonized contribution rates and prospective benefits of dependent self-employed workers with that of salaried workers to improve protection for this group of workers and avoid disincentives for employers to hire workers in these forms of employment to benefit from lower labour cost (ISSA 2019).
- Encourage hiring on standard contracts by making them more attractive relative to non-standard employment relationships. South Korea for instance plans to enhance the coverage of its employment insurance by including those workers who are strongly dependent on their clients (OECD 2019b; 2018a).

In most cases where individuals are falsely self-employed, courts will be able to determine this relatively easily using the criteria and tests available. However, there are also cases where the issue is less clear, and where a genuine ambiguity may remain. The many cases against platforms, for example, have not resulted in more clarity on the status of workers, and decisions have gone in either direction.

Some workers share characteristics of the self-employed (for example, they can choose when and where to work; they use their own equipment); but they also share characteristics of employees

(e.g. they cannot set their own rates of pay or may have to wear a uniform). These workers are in a so-called “grey zone” between dependent employment and self-employment.

From a policy perspective, this grey zone matters because workers who find themselves in it share some characteristics with dependent employees, particularly those related to control by employers. However, because these workers tend to be classified as self-employed, they will not benefit from most of the rights and protections given to employees. As a result, it can be argued that it is particularly important to extend some of these rights and protections to workers in the grey zone. Indeed, workers in a situation of dependence and/or subordination are by definition in a position of unequal bargaining power, and one of the key objectives of labour law is to redress such inequality (and/or its consequences). The challenges for policy makers are to identify who are the workers in the grey zone and to close protection gaps between the self-employed and employees.

Identifying workers in the “grey zone” is not necessarily an easy task. Some countries have identified very specific occupations. In other countries, the focus has been on the “financially dependent” self-employed (see Box 1). Other countries, still, have relied on a vaguer definition of an intermediate (or “third worker”) category to which some rights and protections of employees are extended, though not all. Finally, another alternative might be to treat everyone whose status is ambiguous as an “employee” (until and unless it can be proved that these workers are properly self-employed).

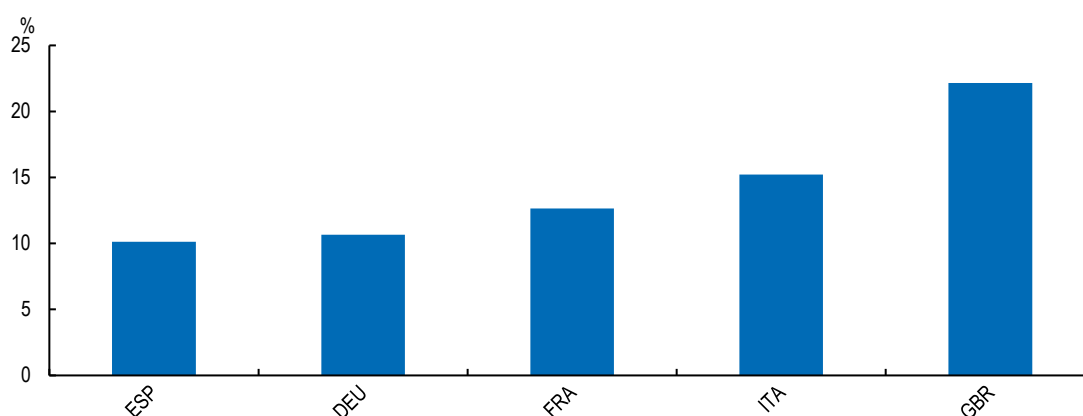
Box 3. The financially dependent self-employed

The financially dependent self-employed are usually defined as those own-account workers who rely for a large share of their income on a single client/employer. This can be a useful category to focus on in order to extend rights and protections to certain workers in the grey zone. But how important is this category of workers?

Measuring financially dependent self-employment is complicated given that: (i) only a few countries have official definitions of dependent self-employment and, where these exist, they tend to differ; and (ii) standard labour force and household surveys do not always contain the questions necessary to identify such workers. The statistical situation is likely to improve due to the introduction of the category of dependent contractors and countries have already started testing the identification of this group. In the meantime, however, good data are missing.

Based on a special module of the European Union Labour Force Survey (EULFS), it is possible to get some estimates of the incidence of dependent self-employment, defined here as those own-account workers who generally have one dominant client. In many countries, dependent self-employment represents a non-negligible fraction of total self-employment (16%, on average) (see Figure 5). Moreover, according to data from the European Working Conditions Survey, this share has risen between 2010 and 2015 across the countries covered by around 20%.

Figure 5. The incidence of own-account workers who generally have one dominant client: Percentage of self-employed, 2017



Source: OECD calculations based on the EULFS, Eurostat.

3.2 Extending social protection to self-employed workers, including dependent self-employed workers

A number of G20 countries have successfully narrowed coverage gaps for self-employed workers and improved their level of protection.

Adapting legal frameworks and financial and administrative arrangements to ensure coverage for workers in all forms of employment

Coverage for self-employed workers calls for developing effective legal and regulatory frameworks that ensure adequate protection for workers in all forms of employment. Extending social insurance coverage to previously excluded groups of workers to ensure equal treatment between workers in different forms of employment, including self-employed and dependent self-employed workers. For example, Brazil and France have extended mandatory coverage to farmers through mechanisms adapted to their specific characteristics and needs.

While the extension of legal coverage is a crucial step in the right direction, the success of extension strategies also depends on the extent to which the implementation takes into account specific needs and circumstances of self-employed workers, particularly with regard to their contributory capacity, priority needs and adapted administrative procedures (OECD 2019a; ILO 2018a; 2019a).

Policy innovations to ensure adequate coverage include:

- lowering or eliminating minimum thresholds on earnings, hours, minimum contribution thresholds to facilitate coverage for larger categories of workers;
- allowing for interruptions in contribution periods or deferral in contributions⁹ (e.g. South Korea);
- adapting contribution determination and payment schedules to accommodate the income patterns of self-employed workers, such as considering annual or seasonal rather than monthly contributions for rural workers and producers (e.g. Brazil) or flat contributions (e.g. China);
- using broad contribution categories according to income or proxy measures (e.g. Brazil, South Korea) to facilitate coverage for workers with volatile incomes;
- subsidizing the contributions for low-income self-employed workers (e.g. South Korea, Argentina) (ILO 2019a).

In this context, mandatory extension of social protection coverage to some or all self-employed workers has proven to be more effective in terms of achieving broad coverage and adequacy than voluntary approaches, provided that appropriate mechanisms are in place to support the participation of those with lower contributory capacity, such as subsidizing contributions or introducing differentiated contributory categories. Country experiences show that voluntary schemes tend to be riddled by issues of adverse selection and rarely lead to substantial levels of effective coverage, with the risk of leaving those most in need without any protection (OECD 2019a; ILO 2019a).

Mechanisms to facilitate coverage for workers with complex or unclear employment relationships

Some countries have developed innovative approaches to cover specific groups of workers with complex or unclear employment relationships, such as artists or construction workers. For example, Germany and France, extended coverage to artists and related occupations through special social insurance funds that are adapted to the specificities of these professions (ILO 2016; OECD 2018c). In Germany, the *Künstlersozialversicherung* is financed through a global contribution on the total contract value by the contracting “employer” (30%), workers’ contributions (50%) and a government subsidy (20%). In India, a mechanism exists by which all workers in the construction sector (including those subcontracted and casual workers) should be covered through Worker Welfare Funds, funded by a levy of 1-2 per cent of the value of the total project to be borne by the main contractor (ILO 2019a).

Adapted solutions for registration, contribution collection and benefit payment mechanisms, harnessing the potential of digital innovation

Simplifying or streamlining administrative and financing requirements and procedures are key to facilitate coverage for self-employed workers. Such adapted measures may include simplified tax and contribution payment mechanisms (e.g. Argentina, Brazil, France), reducing the requirements for proof documents (e.g. Brazil) or introducing auto-enrolment (e.g. Canada, Italy).

⁹ To ensure adequate coverage, these measures need to be complemented by efforts to provide guaranteed minimum benefit levels.

Furthermore, the development of electronic and digital mechanisms, such as mobile applications and integrated online service points, can facilitate access to registration, contribution payment and information for self-employed workers (e.g. Argentina, Australia, France, Mexico, South Korea) (ISSA 2018b; 2018a; 2015; 2017a; 2017b). For example, in Argentina, the Government has set up a new single portal for contributors of the *monotributo* mechanism¹⁰. Accessible through tablets, smartphones or PCs, the platform offers an integrated point where beneficiaries can pay their contributions, access information about their obligations and entitlements and issue electronic invoices for commercial transactions. In France, workers on digital platforms directly receive information with regard to their tax and social security obligations and the links to relevant institutions through a mobile application (Freudenberg, Schulz-Weidner, and Wölfle 2019).

Harnessing the potential of big data, some countries, such as Belgium and France, introduced the option of data transmission between digital platforms and public authorities. Digital labour platforms share information with tax authorities about workers' incomes. Tax payments are collected by the fiscal authority and the corresponding share of social security contributions is transferred to the social security institution (ESIP 2019). Such measures can facilitate both the payment of taxes and contributions for individuals and tax and contribution collection for authorities, but need to give due respect to protection of privacy and data. While this practice is voluntary, incentives encourage workers to participate: In Belgium, workers on registered digital platforms have to contribute to social insurance, if their annual earnings exceed a minimum threshold of EUR 6,250 (Freudenberg 2019; Freudenberg, Schulz-Weidner, and Wölfle 2019).

In many Latin American countries, such as Argentina, Brazil, and Mexico, electronic invoicing systems for self-employed workers or micro-entrepreneurs are used to capture income streams and automatically prepare the required declarations, thereby contributing to increased tax collection and lower rates of tax evasion and enhancing compliance (IADB 2018). Such simplified electronic solutions could also be used to increase compliance with regard to the payment of social insurance contributions in order to ensure workers' coverage.

Reducing fragmentation, enhancing, coordinating and ensuring portability of social protection rights and entitlements

Considering that the changes in the world of work have resulted in higher labour mobility in many countries, adapted mechanisms are needed to ensure adequate protection of workers across their life course. This calls for social protection systems that ensure full portability and transferability of rights and entitlements and facilitate the accumulation and preservation of entitlements across different jobs and forms of employment in line with social security principles.

Inclusive social protection systems which cover workers in all types of employment are best equipped to ensure portability of benefits, supporting workers through the more frequent transitions they face in their careers and thereby facilitating labour market mobility (European Commission 2017; ILO and OECD 2018; ILO 2019a). Many countries have therefore sought to integrate the self-employed into their general social insurance scheme to adequately protect workers throughout their working life. For example, Argentina and Brazil have used monotax mechanisms to extend social security coverage to the self-employed, Canada has extended maternity and sickness benefits to self-employed workers on a voluntary basis, and Turkey has recently extended the coverage of its unemployment insurance scheme to self-employed workers (ISSA and SSA 2018). The reduction of fragmentation is also one of the motivations behind France's pension reform, which would integrate the specialized scheme for self-employed workers (RSI) into the general scheme. Reducing fragmentation and enhancing coordination becomes increasingly relevant in the light of blurred boundaries between self-employment and dependent

¹⁰ The mechanism allows certain categories of self-employed workers to pay social security and tax contributions in a simplified way.

employment and the rise of the platform economy, where many workers combine work in the digital economy with a regular job (OECD 2019a).

When countries choose to create separate schemes for specific categories of self-employed workers, appropriate coordination mechanisms should be in place to ensure portability of entitlements and rights between schemes and across employment statuses (ILO and OECD 2018; Behrendt and Nguyen 2019; OECD 2019a). Such measures could also facilitate coverage for workers with multiple employers, in particular by simplifying and facilitating electronic access to registration, consultation and contribution payment mechanisms, as well as through unified social security numbers (as found in Mexico).

Integrating self-employed workers into unemployment protection to support labour mobility

(Un)employment insurance can support self-employed workers manage the income risks associated with creating an own business and provide a fall-back position in case the business does not take off as expected (OECD 2015; ILO 2017). To facilitate transitions between self-employment and salaried employment, some countries, such as Belgium, Denmark, France and Sweden, count contribution periods from previous employment towards unemployment benefits. For instance, in Belgium, self-employed workers can keep rights to unemployment benefits accumulated before as employees for a period of eight years (OECD 2018a; Behrendt and Nguyen 2018).

If countries wish to extend unemployment benefits to self-employed workers, they should opt for compulsory, not voluntary coverage. With a voluntary insurance scheme, those who have the highest risk have the greatest incentive to join. Unless a voluntary scheme achieves a very high coverage rate, this adverse selection either leads to a downward spiral of rising premia and falling coverage, or to additional costs in the system – an example of such a spiral is the fall in unemployment insurance coverage after a moderate rise in contribution rates in Sweden in 2007/08 (OECD 2018c).

Guaranteeing at least a basic level of social security through a nationally-defined social protection floor

In view of their limited coverage through contributory mechanisms, tax-financed social protection schemes are of particular importance for self-employed workers. They can guarantee at least a basic level of social security, in line with the ILO Social Protection Floors Recommendation, 2012 (No. 202). In fact, many G20 countries are strengthening tax-financed elements of their social protection systems, such as social pensions or universal child benefits (e.g. Argentina, China, South Africa) (ILO 2017; ILO and UNICEF 2019). In some countries, social insurance coverage of low-income self-employed workers is subsidized from the general government budget to ensure that those workers can benefit from at least a basic level of social security.

In some countries, some forms of universal basic income are being discussed as a possible solution to the rise in inequality and job and income insecurity associated with changing forms of work; yet serious questions remain with regard to the adequacy of benefits, financing requirements and affordability, and redistributive justice (Browne and Immervoll 2017; OECD 2019a; Ortiz et al. 2018).

Ensuring the financial sustainability of social protection systems is key in the light of demographic trends and changing work patterns. Concerted efforts are needed to ensure adequate resources for financing social protection through general taxation and other financing sources, based on the principles of risk-sharing, equity and solidarity. While the development of effective tax systems is paramount to ensure adequate financing of tax-financed benefits, a robust and sustainable social protection system also relies on contributions from employers and workers (Global Commission on the Future of Work 2019). In fact, in many G20 countries, such as Brazil, Germany,

Japan, the Russian Federation, South Korea and Turkey, social security contributions provide more than half of the total resources allocated to social protection.

3.3 Ensuring an effective framework for monitoring progress in ensuring social protection coverage of workers in all forms of employment, including self-employment

Developing evidence-based policy and legal solutions to ensure coverage of workers in all forms of employment will require effective mechanisms to monitor progress in extending coverage, including to self-employed workers, and ensuring the adequacy of social protection benefits in line with Recommendation No. 202. Ideally, the development and implementation of such mechanisms should be done in consultation with workers' and employers' organizations and other relevant stakeholders.

While many countries have made progress in strengthening their monitoring frameworks for social protection systems, major challenges exist in particular with respect to limited data availability, fragmentation in data and the lack of standardized methodologies (ILO 2019c). The challenges to building effective monitoring mechanisms are even more pronounced for workers in non-standard forms of employment and self-employed workers. Reliable and up-to-date data on the number of such workers and their characteristics, as well as their social protection coverage, are often lacking due to a lack of comprehensive national data (European Commission 2018; OECD 2018a).

Countries should seek to improve the evidence-base and the data available to policy-makers, including by

- 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) (OECD 2018a; ESIP 2019).

In view of the added value of comparable information and international collaboration, G20 countries could encourage joint efforts in collecting data based on internationally agreed statistical frameworks to ensure the comparability of data and facilitate the use of statistics by governments, social partners and other stakeholders.

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

Closing social protection gaps for self-employed workers forms part of a broader set of policies aimed at improving their working conditions and ensuring decent work conditions. Self-employed workers face multiple challenges, such as with regard to earnings, social security coverage, training, and access to the fundamental principles and rights at work. 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 (ILO 2016; OECD 2017; 2019a).

Strengthening workers' voice and the role of workers' organizations can play an important role in improving conditions for self-employed workers. In some countries, such as Ecuador, Costa Rica and the Dominican Republic, organizations of self-employed workers act as intermediaries

between workers and social security institutions, by concluding collective registration agreements, collecting and transferring contributions to the social security institution on behalf of self-employed workers (ILO 2019b). For workers active on digital platforms, platform cooperatives can help to ensure better working conditions of platform workers and facilitate their access to social protection (Scholz 2016). For example, the SMart cooperative, based in Belgium but with operations throughout Europe, assumes part of the responsibilities of an employer, including with regard to social security coverage (Johnston and Land-Kazlauskas 2018).

Self-employed workers are usually excluded from collective bargaining due to competition laws. However, some countries have extended collective bargaining rights to self-employed workers whose employment relationship and conditions resemble those of employees. For instance, Canada, Germany and Spain extended collective bargaining rights to dependent self-employed workers (ILO 2016). In Seattle in the United States, ride-hailing drivers were granted the right to unionise and, therefore, bargain collectively (OECD 2019b). In Denmark, the trade union 3F has negotiated the world's first collective agreement in the platform economy with the online platform, Hilfr.dk, which offers cleaning services. The platforms' freelance workers are reclassified as "employees" once they have completed at least 100 hours of work, which provides them with higher wages and social protection (Vandaele, 2018).

An effective lifelong learning system and more investments in public employment services are key to support workers through the more frequent work and life transitions (Global Commission on the Future of Work 2019). As new forms of work emerge at the border between self-employment and salaried employment, it is important that this does not translate into rising inequality in access to training programmes and public employment services based on employment status. Countries need to ensure that existing training programmes also cover self-employed workers and workers in non-standard forms of work. For example, in France, the Individualised Learning Account covers all workers, regardless of their employment status, allowing workers to acquire and transfer training rights across different jobs or employers (OECD 2019b).

Considering that self-employed workers constitute the majority of the workforce in many developing countries and often operate in the informal economy, it is also important to link social protection policies to measures that improve access to business advisory services, finance, infrastructure, markets, technology as well as education and skills programmes, so as to facilitate their transition from the informal to the formal economy (ILO 2019a; OECD and ILO 2019). Moreover, self-employed in the informal economy have often improved their situation by taking collective action to claim their rights. The most prominent example in this context is the Self-Employed Women's Association (SEWA) in India which has successfully organized women entrepreneurs, providing them with support services, such as child care and access to finance, and helping them to overcome barriers to formalization (ILO 2019b).

4. Implications of the COVID-19 crisis for self-employed workers and G20 country responses

The dramatic impact of the COVID-19 pandemic on sickness and job loss has highlighted the importance of ensuring adequate social protection coverage for workers in all forms of employment. It has also exposed major coverage gaps for self-employed workers and workers in non-standard employment, particularly for sickness benefits and unemployment protection (OECD 2020b; ILO forthcoming). Workers who cannot rely on adequate health coverage and social protection are disproportionately hit by the pandemic. They are not only left without the protection they need, but may also be forced to continue working or reluctant to self-isolate, thereby putting their own health in jeopardy and risking further contagion (ILO forthcoming; Berg 2020). Usual coping strategies for survival or maintaining income in time of crisis, such as

resorting to self-employment, often in the informal economy, are even more difficult and risky in the current context (ILO 2020a).

Swift and coordinated employment and social policy responses are needed to contain the health pandemic and protect people. Guaranteeing effective access to health care for all and ensuring income support for sick and quarantined workers are essential for protecting people and helping them to cope with the adverse effects of this crisis. Unemployment protection benefits and short-term schemes can support workers who lose their jobs or reduce their working time as a result of the crisis. Family and care policies can provide support to working parents with unforeseen care needs as schools are closing and elderly relatives are particularly vulnerable (OECD 2020b; ILO forthcoming). Effective responses depend on inclusive social dialogue and the participation of social partners and other stakeholders in tackling the causes and consequences of crisis, ensuring an effective crisis response and recovery (ILO 2020b).

Acknowledging the particular vulnerable situation of self-employed workers, a number of countries have taken extraordinary policy and legal measures to respond to the crisis:

- *Ensuring effective access to health care:* Responding to the crisis, many countries have taken measures to enhance access to affordable health care, close gaps in social health protection and extend financial protection. For instance, Australia, China, Japan, South Korea and the United Kingdom have channeled additional fiscal resources into their health systems through their Covid-19 stimulus packages (ILO 2020b).
- *Ensuring income security during sick leave:* Several G20 governments have taken measures to extend sickness benefits financed from general taxation to workers who are not entitled to paid sick leave otherwise, including the self-employed. For example, in the United Kingdom, statutory sick pay was extended to all workers in self-isolation, including gig economy workers (Government of the United Kingdom 2020). Canada introduced an emergency benefit which provides income support to quarantined workers who do not have access to paid sick leave, including self-employed workers (Government of Canada 2020). In Germany, sick and quarantined¹¹ self-employed workers can claim an income replacement benefit at a level of their declared earnings in the previous tax year (OECD 2020b).¹²
- *Preventing job losses and supporting those who lost their jobs through unemployment protection:* Some countries are extending the coverage of their unemployment protection schemes to self-employed workers to cushion their income losses and support them in finding new employment. For instance, Canada and France have extended entitlement to unemployment benefits to independent workers (OECD 2020b). Australia extended coverage of the Job Seeker Programme to sole traders and self-employed who meet the income tests as a result of the economic downturn created by COVID-19 (Government of Australia 2020). South Korea foresees job retraining for workers who have lost their jobs. The Government may also provide wage support for small merchants and increase the job seekers' allowance for young adults and reintroduce job seekers' allowance for those from low-income households (Gentilini, Almenfi, and Orton 2020).
- *Ensuring adequate pensions* Some G20 countries, such as Argentina, have put in place measures to advance the payment of pensions or increase their level as to ensure that pensioners' income needs are met. The repercussions of the crisis on financial markets are likely to affect the value of funded pensions for those who cannot delay retirement;

¹¹ This applies to those who cannot work from home and have a justified reason for quarantine.

¹² The private sector has been taking action as well. Some digital platforms, such as Uber, have pledged to pay a compensation to workers affected by COVID-19, but it is unclear to what extent these measures apply to other illnesses. Nonetheless, States should assume the main responsibility for protection workers to ensure an adequate level of protection to ensure a consistent application of the legal framework.

governments may need to put in place additional safeguards to ensure minimum benefit levels.

- *Providing income support through social assistance and cash transfers:* Many countries have put in place measures to provide income support to people through social assistance or other tax-financed benefits. The city of Seoul will implement a financial assistance program for low-income workers, the self-employed, part-time workers and free-lancers, who are not benefiting from existing financial aid systems (ILO 2020b). Countries, such as Australia and Italy, have announced the provision of one-time lump-sum payments for low-income earners, both employees and self-employed workers. Other countries, such as the United Kingdom, have taken measures to ease access to existing social assistance benefits for self-employed workers with low earnings (OECD 2020b).
- *Family leave and care policies:* Many countries have instituted family leave policies to support working parents affected by the large-scale closure of schools and child-care facilities. For example, in Italy, all employees and self-employed workers with children up to 12 years of age have the possibility to take a fifteen-day special leave compensated at 40 per cent of the salary (the replacement rate could rise to 50 percent) (Gentilini, Almenfi, and Orton 2020).
- *Providing financial support to self-employed workers affected by a drop in demand:* Several countries have taken swift measures to provide financial support to small businesses and self-employed workers. For instance, Australia, France and Germany have introduced the possibility of tax deferrals for small enterprises affected by the crisis (OECD 2020a).

5. Conclusion

Based on the discussion above, the following policy principles and options would be relevant for consideration by the G20 EWG:

- Tackle false self-employment by:
 - 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.
- Reduce the size of the “grey zone” between self- and dependent employment by revising, updating and/or harmonising definitions of what it means to be an employee and/or a self-employed person – in order to make these definitions as clear as possible and reduce uncertainty for both workers and employers.
- Ensuring adequate social protection for all workers, regardless of employment status or contract type, including self-employed workers and those operating in the platform economy;
- Adjusting legal frameworks to avoid unintended incentives that can distort employment

and hiring decisions, such as removing thresholds for social security coverage depending on hours worked or length of contract, prioritizing mandatory coverage adapted to workers' needs and contributory capacity;

- Facilitating labour market transitions and labour mobility and supporting individuals to navigate the life and work transitions;
- Ensuring equitable and sustainable financing of social protection systems (risk sharing, collective financing through contributions and taxes);
- At the international level, build on the recent G20 commitment to promote decent work in the platform economy and consider ways of strengthening social protection for platform workers who provide services internationally.
- Ensuring an effective framework for monitoring progress with regard to the relevant policy principles.

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