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# Innovative approaches for ensuring universal social protection for the future of work



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Quynh  
Anh Nguyen**

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# Innovative approaches for ensuring universal social protection for the future of work

**Christina Behrendt and Quynh Anh Nguyen\***

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# Abstract

Social protection systems around the world face challenges to provide full and effective coverage for workers in all forms of employment, including those in “new” forms of employment. While some emerging work and employment arrangements may provide greater flexibility for workers and employers, they may lead to significant gaps in social protection coverage, at a time when demands on social protection systems are increasing. It is therefore necessary to strengthen and adapt social protection systems to enable them to continue to fulfil their key role in preventing and reducing poverty, enhancing income security and limiting inequality. This paper provides a review of innovative approaches that countries have undertaken to close coverage and adequacy gaps, and to adapt social protection systems to changing circumstances and demands through a combination of contributory and non-contributory mechanisms. The paper focuses in particular on various categories of workers who often face social protection gaps, namely part-time workers, workers on temporary contracts, self-employed workers and those with unclear employment relationships, and workers on digital platforms.

# Preface

In August 2017, the Director-General of the International Labour Organization convened an independent Global Commission on the Future of Work. The Commission will produce an independent report on how to achieve a future of work that provides decent and sustainable work opportunities for all. This report will be submitted to the centenary session of the International Labour Conference in 2019.

The Future of Work Research Paper Series aims to support the work of the Commission by publishing in-depth, original studies on specific topics of interest to the Commission, ranging from explorations of artificial intelligence and the platform economy to lifelong learning and universal social protection. Each paper provides a critical analysis of current and future developments and raises important questions about how to ensure a future of inclusive development with decent work at its heart.

The series begins with a paper on the topic of universal social protection. Social protection systems are a key mechanism for reducing poverty, promoting equality and enhancing income security. Nevertheless, workers in many forms of employment are not adequately covered or protected whether due to the narrow legal scope of coverage, biased eligibility criteria, the low monetary value of protection or employer non-compliance. Such problems are exacerbated in a context where specific business models seek to organize more flexible forms of work or to take out labour costs associated with standard employment relationships in ways that sometimes conflict with the need for sustainable financing of social protection systems. This paper, by Christina Behrendt and Quynh Anh Nguyen, provides a valuable critical examination of these and other challenges. Drawing on a wealth of international empirical evidence, it examines innovative efforts to address gaps in social protection schemes, particularly for workers in non-standard forms of employment.

Christina Behrendt, is the Head of the Social Policy Unit in the Social Protection Department in the Social Protection Department of the International Labour Organization in Geneva. Her earlier work experience includes assignments as regional social security specialist at the ILO Regional Office for Arab States in Beirut (Lebanon), and as consultant at the International Social Security Association (ISSA). She has worked and published on various aspects of social protection in both developed and developing country contexts. Quynh Anh Nguyen is currently working with the ILO Regional Office for Asia and Pacific in Bangkok on a project on extending social security coverage in ASEAN. Prior to that, she was at ILO's Social Protection Department in Geneva, researching social protection in the context of the Future of Work. Together these authors explore how extending social protection to all is not only a pathway to promote better protection for workers, but also a mechanism to facilitate labour market transitions in a way that is both decent and fair.

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# 1. Introduction

As the world of work is evolving, shaped by global trends such as digitalization, automation and globalization, as well as socio-demographic changes, social protection systems will need to adapt to changing contexts and demands (ILO, 2017a, 2018a; ISSA, 2016). In particular, the growing diversification of work arrangements has become a distinct feature of today's labour markets in both developed and developing countries. While some of the more traditional forms of employment are disappearing or transforming in the wake of automation and digitalization, new forms of employment have been growing, with newly emerging occupations and sectors, such as the platform economy (ILO, 2017b, 2017c; OECD, 2016).

Many of the new forms of employment are found in non-standard employment (NSE)<sup>1</sup>, which describe a range of contractual arrangements that deviate from a standard open-ended, full time, dependent employment relationship, which constitutes the key reference point for most labour and social security legal and policy frameworks (ILO, 2016a; Degryse, 2016). These new forms of employment offer both opportunities and challenges for labour markets and social protection (ILO, 2017d). Part-time and temporary work are often considered to be mechanisms that increase labour market flexibility. While such employment arrangements can allow some people to better reconcile work and family life, and facilitate work–life balance, the higher poverty risk among workers in non-standard employment often makes them vulnerable to financial consequences and social risks, thus increasing the demand for comprehensive and adequate social protection (ILO, 2016a; Spasova et al., 2017). Platform work and other forms of remote work can provide opportunities to earn additional income in a more flexible way, for instance for persons with restricted mobility, or persons with care responsibilities (ILO, 2016b). While standard employment has never been the norm in developing countries, the increased use by employers of NSE has made inroads into various segments of the economy, including sectors like manufacturing. As a result, this can potentially exacerbate developing countries' persistent challenge of high levels of informality (Berg, 2017).

In many cases, non-standard forms of employment can result in precarious or insecure work, both for those working in traditional non-standard forms of employment, as well as in those in new forms of employment, such as workers on digital platforms (ILO, 2016a).<sup>2</sup> Many workers in such non-standard forms of employment have lower job and income security, poorer working conditions and lower social protection coverage, as compared to employees in standard employment forms, namely with full-time and indefinite employment relationships. Women, young people and migrants are over-represented in these forms of work (ILO, 2016a). These forms of employment are not only observed in developed countries, but also in developing and emerging economies, where a large share of workers is engaged in non-standard forms of employment, both in traditional sectors, such as agriculture or construction, and increasingly also in emerging sectors, including in the digital economy. The lack of protection drives many workers into the informal economy (ILO, 2018b, 2017a, 2016a).

<sup>1</sup> According to the ILO (2016a), non-standard forms of employment include part-time and on-call work, temporary employment, multi-party employment relationship and disguised employment and dependent self-employment.

<sup>2</sup> There is however not a direct one-to-one association between non-standard forms of employment and precariousness. Non-standard forms of work include secure and well-paid forms of part-time work, while standard forms of employment can also include situations of low pay and – despite formally permanent contracts – job insecurity.

In addition, demographic change is likely to affect labour markets and social protection systems (ESCAP, 2017; ILO, 2013). The world population is expected to further increase, and face rapid population ageing due to lower fertility and mortality rates and increasing life expectancy. Whereas the expansion of the working age population in the developing world creates a window of opportunity for developing and financing social protection, the opposite trend in high-income countries gives rise to concerns about an eroding contribution base for social insurance. Meanwhile, investments need to be stepped up for children and young people, who constitute a much larger share of the population in many countries (ILO, 2017a).

Gaps in social protection provision, coupled with growing levels of informality, insecurity and inequality and weakened labour institutions, risk putting existing social protection systems and the implicit social contract under increasing strain (Berg, 2015; ILO, 2016b). Greater job and income insecurity and low pay increase the demand for social protection and put stronger pressures on both social insurance and social assistance schemes. Simultaneously, these trends erode their existing financing base, both with regard to social insurance contributions and taxation. In particular, financing gaps in contributory social protection tend to weaken the adequacy of social protection systems (Spasova et al., 2017). Limited fiscal capacities in many countries and global tax competition have bound the hands of governments, hampering their ability to respond to the demands for the higher social investments necessary to prepare societies and economies for the future of work. Indeed, we find many governments around the world responding negatively. In the wake of a recent revival of fiscal consolidation measures and austerity policies, many governments in developing and developed countries have reduced their social protection expenditure and constrained public policies to target the poor only (ILO, 2017a, 2016b). However, it is clear that governments need to change course to prepare for the future of work, and invest in people's health, education and social protection so as to reduce inequality, including gender equality, support health and education outcomes, bolster the structural transformation of labour markets and the economy, and help people to adjust for tomorrow's challenges (ILO, 2018c, 2017a).

In fact, many countries, including low- and middle-income countries, have introduced or expanded their social protection schemes and are gradually building up their systems, recognizing social protection policies as key elements of their national development strategies (ILO, 2017c). Countries such as Argentina, Cabo Verde and China have set up universal or nearly universal pension schemes; while Uruguay and Ukraine have achieved universal maternity coverage (ILO, 2017a). Other countries have adapted their social protection schemes to include previously excluded groups, such as the self-employed, marginal part-time workers and on-call workers (Hill, 2015; Messenger and Wallot, 2015).

Nonetheless, significant coverage gaps remain, with 71 per cent of the world population – 5.2 billion people – enjoying only partial social protection, if any. Only 45 per cent of the global population are effectively covered by at least one social protection benefit (ILO, 2017a). Gaps in social protection coverage and inadequate benefits not only exacerbate economic insecurity and inequality, including gender inequality, but may weaken the financial sustainability of social protection systems with the grave risk or consequence of undermining social cohesion (European Commission, 2017; ILO, 2017a; Spasova et al., 2017). Therefore, countries need to step up their measures to extend coverage by developing a strong social protection floor that covers the whole population, based on equitable and sustainable financing mechanisms, as well as building a comprehensive social security system that ensures progressively higher levels of protection.

The main objective of this paper is to review innovative policy responses that countries have employed to better adapt their social protection systems to evolving demands. In particular, this review examines measures to extend coverage to previously unprotected workers, taking into account their specific circumstances and needs, so as to truly “leave no one behind”. To this end, this paper seeks to identify and review policy solutions around the world that can help to ensure universal social protection in a changing world of work. While the paper focuses on some types of non-standard forms of employment, it takes a broader perspective to also include other types of workers, not least the self-employed, and specifically workers on digital platforms. The objective here is not to offer a complete review of those policy innovations, but to highlight selected approaches and policy options, as a contribution to the discussion about how social protection systems have been, and can be, adapted to respond to changing contexts.

The paper is structured as follows. Chapter 2 will revisit some of the key issues regarding the coverage of workers in non-standard forms of employment by clarifying the links between employment and social protection (section 2.1), discussing the ongoing debate about the decoupling of social protection from employment (section 2.2) and reflecting on a comprehensive approach to strengthening social protection for a changing world of work, including contributory and non-contributory mechanisms (section 2.3). Chapter 3 zooms in on social insurance and other contributory mechanisms, and addresses relevant policy innovations for different categories of workers, namely part-time workers (section 3.1), temporary workers (section 3.2), self-employed workers and those with unclear employment relationships (section 3.3) and more specifically workers on digital platforms (section 3.4). Chapter 4 then discusses the strengthening of non-contributory mechanisms to guarantee a social protection floor for all (section 4.1), universal basic income approaches (section 4.2) and the implications for social protection financing through general taxation (section 4.3). Chapter 5 sets out a number of considerations for ensuring universal social protection for the future of work.

## 2. Strengthening social protection for the future of work: key issues

### 2.1 Social protection coverage for workers in non-standard forms of employment

The growing number of workers in non-standard employment, which is often associated with gaps in social protection coverage, especially for women, has been identified as one of the main challenges for social protection systems for the future. Workers in non-standard forms of employment are often not covered, or only partially covered, by social protection systems, particularly employment-based schemes (ILO, 2017d, 2016a; Spasova et al., 2017).



In advanced economies, although standard forms of employment are dominant, a rise in the number of workers engaged in NSE has raised alarm. In countries with a significant informal sector, work in non-standard forms of employment to some extent overlaps with the larger challenge of informality, which leaves many workers unprotected (ILO, 2016a).

While some workers in non-standard forms of employment may be excluded from coverage, others may face lower benefits, both in terms of levels and duration, owing to the fact that they tend to have lower earnings, shorter working hours, and interrupted employment careers (Matsaganis et al., 2016). In other cases, they may be unable to claim benefits if they do not fulfil eligibility conditions on minimum period of employment, working hours and/or earnings. Unless mechanisms are in place to ensure at least a minimum level of protection, these workers are even more vulnerable to risks over their lifespan, in particular with regard to income security and access to health care (ILO, 2017a). Different conditions can particularly affect women, for example, regarding their entitlement to maternity benefits (Spasova et al., 2017).

It is however important to recognize that non-standard forms of employment do not automatically lead to exclusion from social protection (including social insurance). In fact, many workers in NSE are covered in a similar way to workers in standard forms of employment. However, others may fail to meet the minimum thresholds set out in the legislation on such criteria as duration of employment, working hours or earnings. Moreover, certain categories of workers such as casual and seasonal workers, temporary agency workers, on-call workers and those on zero-hour contracts may be completely excluded from legal coverage. Table 1 identifies some of the key factors that determine social security coverage or exclusion for workers in various NSE, and highlights some of the policy measures that can enhance effective coverage for this group of workers (ILO, 2016a). These policy measures are discussed in more detail in chapter 3.

**Table 1: Social insurance coverage of different categories of workers in non-standard forms of employment**

	<b>Factors determining coverage or exclusion</b>	<b>What can be done to ensure effective coverage for this group?</b>
<b>Part-time employment</b>	Covered if thresholds on minimum working hours/days or earnings are met. In case of multiple employers, specific regulations may apply. Marginal part-time work often excluded or covered through special regulations.	Lower thresholds regarding working hours or earnings. Allow practical solutions for workers with multiple employers, and those combining part-time dependent work and self-employment. Facilitate coverage of marginal part-time workers through adapted social insurance solutions, or a combination of social insurance and tax-financed mechanisms.
<b>Temporary employment</b>	Covered if thresholds on minimum duration of employment are met. Casual workers are often excluded.	Lower thresholds regarding the minimum duration of employment to expand legal coverage. Allow for more flexibility with regard to the number of contributions required to qualify for benefits; allow for interrupted contribution periods (e.g. x number of contributions during y months). Enhance portability of entitlements between different social security schemes to facilitate mobility between jobs. Simplify administrative procedures for registration and contribution payments.

**Table 1, continued: Social insurance coverage of different categories of workers in non-standard forms of employment**

<b>Temporary agency work</b>	Covered through employing agency (thresholds with regard to duration of employment and working time apply).	Ensure compliance with legislation; introduce joint liability. Measures taken to facilitate coverage for temporary and part-time workers are likely to benefit temporary agency workers as well.
<b>Dependent self-employment and disguised employment relationships</b>	Covered if self-employed workers are covered, or if specific measures are taken to prevent misclassification and ensure adequate protection.	Prevent the misclassification of workers and ensure adequate protection for those in dependent self-employment. Simplify administrative procedures for registration and contribution payments. Ensure non-discrimination and equal treatment. Adapt social security mechanisms to the needs and circumstances of self-employed own-account workers.

Source: Based on ILO, 2016.

## 2.2 A necessary clarification regarding the decoupling of social protection from employment

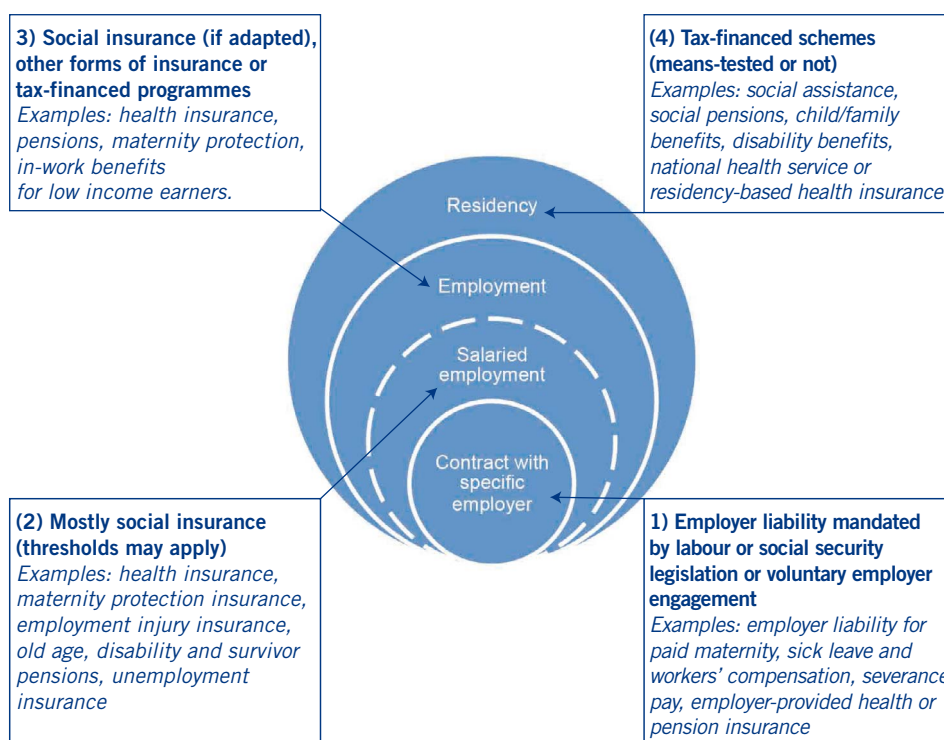
In the debates on NSE, informality, and the future of work, some observers argue that social protection should be “decoupled” from employment, limited to “safety nets” for the poor, or replaced by a universal basic income (see below in section 4.2) or by individualized arrangements such as health and pension plans.

However, much of the debate on decoupling social protection from employment fails to distinguish between different forms of social protection and how they are – or are not – linked to employment. In this context, four different forms of social protection can be observed, each with distinct implications for workers (ILO, 2016b, see Figure 1):

- 1) **Social protection linked to a contract with a specific employer**, such as severance pay, employer liability for paid maternity leave, sick leave, workers’ compensation, employer-sponsored (private) health or pension insurance. Benefits under these mechanisms may either be mandated by labour or social security legislation, or provided voluntarily by the employer. As these benefits are usually lost at the end of a contract with a specific employer, they carry the highest risk of exclusion for workers in non-standard forms of employment.
- 2) **Social protection linked to salaried employment**, which typically includes social insurance schemes, such as health insurance, maternity protection insurance, employment injury insurance, old age, disability and survivor pensions, or unemployment insurance. As the entitlements and benefits under this mechanism are not linked to a contract with a specific employer, workers moving from one job to another usually continue to be covered, including in many cases during spells of unemployment. While most salaried workers (including part-time and temporary workers) are included in principle, some may be legally or effectively excluded (see Table 1).

- 3) **Social protection linked to participation in gainful employment (including non-salaried employment)**, which may be provided through social insurance (if open to non-salaried workers), as listed under (2) or tax-financed programmes, such as in-work benefits for low-income earners. This category of schemes may in principle be more inclusive of workers in NSE than category (2), particularly where low-income earners benefit from subsidized coverage or tax-financed benefits. However, because many schemes are household-based (and only paid to the prime earner), women and young people are often excluded.
- 4) **Social protection linked to residency status**, which is usually provided through tax-financed schemes, whether means-tested or not, such as social assistance, social pensions, child/family benefits, disability benefits, as well as a national health service or residency-based health insurance. This category is explicitly not linked to status in employment, or even explicitly linked to non-employment in the case of schemes targeting people out of work.

**Figure 1. Employment and social protection: how is social protection coverage (potentially) linked to employment?**



Source: Based on ILO, 2016a.

The availability and conditions under which social protection benefits are provided depend on national priorities, as reflected in legislation and its implementation. Moving from forms of protection linked to a contract with a specific employer to social insurance usually enhances the level of protection, allows for risk-sharing among workers and employers and avoids adverse effects. This could involve replacing severance pay by unemployment insurance, employer-provided paid maternity leave by maternity insurance, or employer-sponsored health plans by a social health insurance scheme or a national health service. Likewise, designing social insurance schemes through adapted mechanisms – so as to ensure the coverage of large groups of workers, including the self-employed, under a

single scheme – can further enhance the protection of those workers, and ensure a level playing field for both workers and employers.

Social protection schemes linked to residency, usually financed through taxation, are indeed key means to realizing the right to social security for all, including for those not covered by employment-based social security schemes, and are thus essential in guaranteeing a social protection floor. However, in many cases, the level of benefits provided is minimal, and does not allow workers to maintain their standard of living and stable levels of consumption over time. For this reason, social protection schemes linked to residency alone are not sufficient to achieve the adequate benefit levels underpinning the policy objectives of social protection systems, especially for the middle class, but need to be combined with employment-based social protection schemes (ILO, 2017a).

Generally speaking, there is no “one size fits all” solution: countries combine these different types of protection in different ways. In fact, in many cases, the combination of different types provides a better level of protection, particularly where schemes based on gainful employment are combined with provision based on residency. Such comprehensive protection tends to contribute to higher levels of socio-economic inclusiveness (ILO, 2016a; Spasova et al., 2017).

Thus, decoupling social protection from employment and weakening existing forms of coverage will not provide adequate levels of protection; on the contrary, it will erode coverage and benefit levels and divert attention from employers’ responsibility to pay their fair share to social security systems. Weakening existing social insurance mechanisms in favour of private insurance and savings arrangements, with their limited potential for risk pooling and redistribution, will likely exacerbate inequality, including gender gaps (ILO, 2018a). In particular, vulnerable groups of workers would not be able to accumulate sufficient entitlements under those arrangements due to their work and income patterns (Berg, 2016). It should also be noted that private insurance and savings arrangements also require a certain level and regularity of income, and thus de facto maintain a close link to employment and income generation.

For these reasons, particular care is necessary when discussing the decoupling of employment and social protection. It is essential to safeguard sufficient space for redistribution and risk pooling based on different financing mechanisms, including both contributory and non-contributory elements.

To provide these workers with more comprehensive protection, countries have pursued various efforts. Recent reforms include extending statutory social insurance coverage to previously excluded groups of workers to ensure equal treatment among different contractual arrangements. Many countries have adapted their social protection legislations, as well as administration and financing modalities to ensure effective coverage of different groups of workers, including self-employed workers and dependent self-employed workers, part-time workers and on-call workers, temporary agency workers and other workers in multi-party arrangements as well as disguised self-employed workers. Measures to ensure more comprehensive coverage can include lowering thresholds on minimum hours, earnings or other criteria; addressing volatile incomes and limited contributory capacity; adjusting administrative procedures for registration, contribution collection and payment; enhancing portability of entitlements and adapting schemes to workers with multiple employers. Again, there is no “one size fits all” approach; rather, successful practices around the world have adopted different approaches and mechanisms, taking into account the diversity of employment relationships, and complementing contributory with non-contributory mechanisms, so as to build comprehensive social protection systems and guarantee a solid social protection floor.

## 2.3 Strengthening social protection for a changing world of work: some basic principles

Many observers agree that the way forward to universal social protection requires a combination of contributory and non-contributory social protection mechanisms. Non-contributory schemes are key to ensure a basic level of protection for everyone, in particular for those groups who do not have access to any other social protection mechanisms. However, contributory mechanisms will continue to play a vital role in providing adequate benefits, as they tend to offer broader scope and higher levels of protection. Decoupling social protection from employment would imply giving a greater role to private arrangements, thereby exacerbating the gaps in social protection provision, including gender gaps, and weakening the responsibility of employers towards their workers (Alfers et al., 2017; ILO, 2016a). Moreover, every contributory form of social protection, including private insurance and savings mechanisms, is inevitably linked to an individual's ability to work and earn a certain level of regular income (ILO, 2016a). Current challenges demand the development of equitable, inclusive and sustainable social protection systems, including social protection floors, that allow for adequate redistribution and protection to all, as a matter of right (ILO, 2017a).

Despite divergent opinions on the future of social protection, it is undeniable that the demand for social protection is likely to increase in a changing world of work as it contributes to ensuring that economic gains are shared on a more equitable basis (ILO, 2018a, 2016b). Social protection policies are a key element of the implicit social contract and of decent work, in achieving universal health coverage, reducing and preventing poverty as well as containing inequality, as recognized and promoted in the Sustainable Development Goals (SDG targets 1.3, 3.8, 5.4, 8.5 and 10.4).

The growing relevance of NSE and self-employment in today's labour markets adds to the importance of ensuring those engaged in such employment are adequately covered by social protection systems.

Extending social protection to all forms of employment is not only about ensuring fairness and better protection for workers and their families, but also about creating a more level playing field for different forms of employment, as well as facilitating labour market transitions and labour mobility. By opening opportunities for individuals to engage in different forms of work in fast-paced labour markets, such measures can reduce the risk associated with taking non-standard work or becoming self-employed, while at the same time removing incentives for employers to prefer "cheap" forms of unprotected employment over better protected forms of employment. This would facilitate labour market transitions and reduce labour market segmentation. Ensuring adequate social protection for all workers is one of the elements of the recently proclaimed social pillar of the European Union, and has also been formulated as a policy objective of the G20 (European Commission, 2017; G20, 2017).

The two-track approach of extending social protection outlined in ILO Social Protection Floors Recommendation No. 202, reflects the importance of effectively coordinated schemes that entail contributory and non-contributory mechanisms, in closing coverage gaps, thereby guaranteeing a social protection floor, and ensuring more adequate and comprehensive social protection. The approach underlines the importance of combining

different mechanisms that are linked to employment or residence in an optimal way, with equitable and sustainable financing through taxes and contributions (ILO, 2017d).

The social protection systems of the future will need to be based on a set of broad policy principles that can ensure universal and adequate coverage, and sufficient adaptability to new requirements. The following broad principles can help to guide policy-makers in strengthening social protection systems, including floors (European Commission, 2018; ILO and OECD, 2018):

- **Universality of protection and accessibility:** ensuring effective access for workers in all types of employment, adapted to their situation and needs.
- **Adequacy:** ensuring that social protection systems do not only effectively prevent poverty, but provide appropriate income replacement, in an equitable and sustainable way.
- **Transferability:** ensuring that social protection systems positively support labour market mobility, and account for the structural transformation of the labour market and the economy.
- **Transparency:** ensuring that all actors are fully aware of their rights and responsibilities; that legal frameworks provide for clear and predictable entitlements; and that administrative procedures are as simple and clear as possible, fully harnessing the potential of digital technology while protecting personal data and respecting privacy.
- **Gender equality:** ensuring that social protection systems are sensitive to the realities that women and men face in the labour market, in employment and society, and that they promote gender equality.
- **Good governance:** ensuring that social protection systems are financed in a sustainable and equitable way, as well as efficient management and administration.

The following two chapters will discuss some of the policy innovations that can help to prepare social protection systems for the future of work, starting with a discussion of how contributory mechanisms can be better adapted to non-standard forms of employment (Chapter 3), and followed by a discussion on strengthening non-contributory mechanisms to ensure a solid social protection floor (Chapter 4).

## 3 Adapting social insurance and other contributory mechanisms: policy innovations

Policy innovations to enhance the effective coverage of social insurance and other forms of contributory protection for workers in non-standard forms of employment and self-employment are key for preparing social protection systems for the future of work.

Strengthening and adapting social insurance schemes will be key to protecting workers in NSE and self-employment as they usually provide higher levels of protection than non-contributory, tax-financed schemes. A combination of both contributory and

non-contributory social protection schemes is fundamental to the achievement of a broader scope and higher levels of protection in line with the Social Security (Minimum Standards) Convention, 1952 (No. 102) and other ILO social security standards.

Extending social insurance coverage to workers in non-standard forms of employment and self-employed workers can also help achieve a better financing mix in social security systems. Gaps in social insurance coverage can put non-contributory schemes under greater strain, if many of these workers have to rely solely on the latter for a level of social protection (albeit sometimes extremely basic). If more people are included in social insurance schemes, the pressure on tax-financed social protection schemes is likely to reduce (European Commission, 2017). Contributory elements are thus essential in ensuring equity in both financing and benefits and help to ensure the sustainability and adequacy of social protection systems in the long run (ILO, 2014a, 2017a).

The effective coverage of workers depends to a large extent on the eligibility rules set out in national legislation. Many countries have set minimum thresholds on duration of employment, contribution periods, earnings or working hours that can exclude some workers from either contributing to the scheme or claiming benefits. As a result, many of these workers are at risk of being ineligible for benefits. As a consequence, they are even more vulnerable to social risks with regard to income security and effective access to health care (ILO, 2017d, 2016a).

The extension of legal coverage is certainly a critical step, yet does not always automatically translate into effective coverage. Despite important progress made in extending legal coverage, substantial coverage gaps exist, especially for self-employed workers, marginal part-time workers and casual workers. Limited contributory capacities, complex administrative procedures and weak compliance and enforcement mechanisms may hinder the take-up and adequacy of benefits for some workers, even when they are legally covered. To close the gaps, carefully designed measures must target specific systemic weaknesses and barriers such as those mentioned above.

In many countries, social protection systems are fragmented, which leads to protection gaps for some categories of workers, and hampers labour market mobility. Some countries have extended coverage of existing schemes to uncovered groups of workers for most or all policy areas. Where all workers are under the same scheme irrespective of their employment status, workers may more easily move between different forms of employment, including self-employment, and combine salaried employment with self-employment or even frequently transit between employment statuses to be covered. In countries where several schemes co-exist, effective coordination mechanisms are necessary to avoid inefficiencies and inequalities in social protection coverage, ensuring transferability of rights and benefits (ILO, forthcoming).

The following sections review some of the specific measures that can be employed to enhance social protection coverage for categories of workers who are often particularly vulnerable to protection gaps, namely part-time workers (section 3.1), workers on temporary contracts (section 3.2), self-employed workers and workers with unclear employment relationships (section 3.3), and the specific case of workers on digital platforms, who often share characteristics with the above categories (section 3.4).

## 3.1 Part-time workers

In many countries, regular part-time workers are covered on a basis equivalent to that of full-time workers. However, some part-time workers have only limited access to social protection benefits if they do not meet the legal thresholds requiring a minimum number of working hours/days and earnings for social insurance coverage (ILO, 2016a). For example, part-time workers in Japan, the Republic of Korea and South Africa may find themselves unprotected in the event of unemployment if they do not work for a minimum number of working hours (Fagan et al., 2014). Exclusion from coverage may also occur if workers fail to qualify for benefits, for example, if their contribution periods are too short, despite their being legally covered.

Recognizing this challenge, some countries have lowered these minimum thresholds to address gaps in effective coverage of part-time workers. Countries have ensured greater parity between workers by extending legal social insurance coverage to groups that were previously uncovered, such as marginal part-time workers (Austria and Germany<sup>3</sup>) (Durán Valverde et al., 2013; ISSA, 2012; Spasova et al., 2017).

As part-time employment is often associated with different conditions in terms of contributions, entitlements and wages as compared to full-time employment, employers may face incentives to employ workers on a part-time basis rather than full-time to reduce labour costs, which in some cases might even exempt employers from contributing to social insurance (ILO, 2016a). For example, in the United Kingdom, employers are exempt from paying social contributions for employees earning below an earnings threshold. In Germany, by contrast, for so-called mini-jobs with a maximum monthly wage of 450 euros, employers have to pay 31.2 per cent of earnings to social insurance, while employees pay their pension insurance contribution of 3.2 per cent (Deutsche Rentenversicherung, 2018). Some countries carefully monitor contractually defined working hours, as to identify and eliminate any incentives to use part-time employment as a means of avoiding the payment of social security contributions and taxes.

### Lowering legal minimum thresholds on working time or earned income

In order to ensure social security coverage for part-time workers, countries have lowered or removed minimum thresholds regarding hours worked or salary earned (ILO, 2016a). In the Netherlands, for example, every hour worked is counted towards social insurance contributions. Part-time workers are also legally entitled to the same wages, benefits (including unemployment insurance, health insurance, paid holiday, pension entitlements, and protection against unfair dismissal) and training opportunities as full-time employees (Eurofound, 2015; Gijsbert and Jansen, 2017; Messenger and Wallot, 2015). This not only ensures that part-time workers enjoy conditions equivalent to those of comparable full-time employees in line with the ILO Part-Time Work Convention, 1994 (No. 175), but also serves to present a more level playing field for employers and workers (Fagan et al., 2014).

Particular attention needs to be placed on ensuring social security coverage for workers in precarious forms of part-time work, such as on-call work, including zero hours contracts (ILO, 2016a). In these cases, additional measures may be necessary to ensure social security coverage.

<sup>3</sup> In Germany, this is only the case for so-called mini-jobbers whose monthly remuneration does not exceed 450 euros, but not for those whose duration of employment is below of two months or 50 workdays per calendar year (Deutsche Rentenversicherung, 2018).



## Facilitating coverage for workers with multiple employers

While in some countries, every hour worked counts towards social insurance coverage, in others, certain categories of workers may be excluded because of minimum thresholds with regard to hours worked or earnings. In these countries, adapted solutions may be needed to combine contributions from several employers and ensure adequate protection of workers as discussed below (ISSA, 2012). The coverage of workers with multiple employers could be facilitated by the streamlining of administrative procedures, including the simplification and facilitation of electronic access to registration, consultation and contribution payment mechanisms, as well as unified social security numbers (ILO, 2016a).

For some categories of part-time workers with multiple employers, intermediary bodies can play a useful facilitation role for enhancing portability of certain employer-provided benefits not mandated by law, such as paid leave in the United States (Hill, 2016).

## Ensuring fairness in determining entitlements and benefits

Additional challenges may occur when it comes to the calculation of benefits, as some ways of calculating benefit entitlements may be disadvantageous for a part-time worker. To address this challenge, Spain has reformed its way of assessing contribution periods for contributory social security benefits (except unemployment benefit) of part-time workers. Prior to the reform, part-time workers needed to pay contributions for 30 years to attain parity with the 15 years required for full-time workers. After the reform, if a worker's rate of part-time work is 70 per cent, meaning his/her working time is 70 per cent of that of a full-time worker, his/her minimum contribution period would be 10.5 years of contributions (Rodríguez Cabrero et al., 2017).

Many countries guarantee minimum benefit levels, for instance, for pensions or unemployment benefits in their social insurance schemes. This ensures that those whose incomes are too low to provide at least a basic level of income security still enjoy a decent standard of living. In most cases, the insured person has to contribute for a minimum period of time before becoming eligible. However, if this period is too long, certain categories of workers with shorter labour market tenure could be excluded from benefitting from a minimum benefit guarantee which was initially intended to provide more inclusive coverage.

## Addressing the wider challenges with regard to marginal part-time employment

On-call workers and workers with zero-hours contracts tend to have very short working hours and lower incomes, particularly if they do not benefit from equal treatment with comparable full-time employees in terms of pay, and hence inadequate social protection. Additional issues arise because they are often required to be available for work at any time, without being guaranteed a minimum number of working hours, or when their shift is cancelled or shortened, although they have been called in for work. Such short hours work arrangements not only have implications for their work–life balance, but also increase job and income insecurity and potentially limit their access to social protection benefits (De Stefano, 2016; ILO, 2016a; Messenger and Wallot, 2015).

It is important to note that countries have not only extended legal coverage, but also introduced legislative responses to ensure greater parity among different types of workers and to plug regulatory gaps (ILO, 2016a). Measures include safeguards for on-call workers, zero-hours workers and casual workers, such as establishing minimum working hours (per shift or per week) and introducing fixed minimum compensation rates for on-call times not worked, or “reporting-time pay” legislation that requires employers to pay their workers, even if the shift is cancelled or shortened (Messenger and Wallot, 2015). In countries such as France the achievement of sectoral collective agreements on minimum thresholds for working hours illustrates the importance of social dialogue mechanisms in addressing challenges (ILO, 2015a). Such measures not only facilitate social insurance coverage, but also facilitate a more level playing field, so that employers no longer resort to non-standard forms of employment – offering worse conditions to specific types of workers – solely to offload their responsibilities on to the individual (ILO, 2016a; Spasova et al., 2017).

## 3.2 Workers on temporary contracts

One of the main challenges for the social security coverage of workers on temporary contracts is the statutory linkage of social security coverage to a certain minimum duration of the employment contract. In addition to excluding some workers from coverage, such minimum thresholds may create incentives for employers to favour the use of short-term contracts over longer-term contracts. In most countries, workers on fixed-term contracts lasting several weeks or months are usually covered, yet casual workers, including day labourers, are often excluded (ILO, 2016a).

### Lowering or removing legal minimum thresholds with regard to the duration of employment

In order to address the exclusion of workers on temporary contracts, some countries have lowered or removed legal thresholds with regard to the duration of employment. For example, Viet Nam has reduced the qualifying period for social insurance coverage from three months to one month (ISSA, 2017). Japan plans to extend coverage to part-time workers who work for more than 20 hours per week and more than 31 days (ILO, 2015b).

### Allowing more flexibility with regard to breaks in employment careers

For workers on fixed-term contracts, social insurance coverage is usually equivalent to that of workers on permanent contracts if they move straight from one period of covered employment to the next one.<sup>4</sup> However, problems may occur if workers face breaks in their employment career. In order to address these challenges, the rules regarding the calculation of contributory periods necessary to qualify for benefits may be modified to accommodate interrupted careers. For example, in Denmark, eligibility for unemployment benefits requires recipients to have been a member of the unemployment insurance fund for 12 months, yet allowing for periods of paid employment of at least 52 weeks spread over the previous 36 months (ILO, 2016a). This is less restrictive than some countries that require continuous employment over a certain period of time.

<sup>4</sup> In this respect, social insurance is clearly superior to employer-provided protection, which is usually suspended when there is a change of employer.

## Better recognition of care responsibilities in social protection systems

Such measures to accommodate interrupted employment careers are particularly relevant for people, mostly women, who interrupt their employment careers, or reduce their working time, due to care responsibilities (ILO, 2017a, 2016a, 2016c). In this respect, specific measures to top up social security entitlements for caregivers for a specified duration, or to include care periods as contribution periods for social security entitlements, can enhance the levels of coverage for workers who have interrupted their careers or reduced their working hours due to care responsibilities (Fultz, 2011; ILO, 2017e; Spasova et al., 2017). Several countries, such as Chile, Germany and Japan, have introduced crediting of pension accounts during care periods and, by doing so, helped to reduce gender inequalities in pension coverage (Fultz, 2011).

## Ensure adequate regulation of temporary contracts

Workers on temporary contracts often face less favourable conditions of work compared to permanent workers and are often paid lower wages, as temporary workers are often used to reduce labour costs (Aleksynska and Berg, 2016; ILO, 2015b). To address wider challenges with regard to the quality of employment for temporary workers, and avoid the abuse of temporary contracts, countries may want to consider, for example, promoting the transition towards permanent employment for workers after a number of renewals of successive fixed-term contracts (Spasova et al., 2017). In the Netherlands, for instance, a limit was put on the number of successive temporary contracts by automatically transforming a fourth extension – beyond two years – of a temporary contract into a permanent position, with implications for social protection entitlements (Mevisen et al., 2017).

## Ensure adequate protection of temporary agency workers

In many countries, temporary agency workers are particularly vulnerable. While temporary agency workers in multi-party arrangements are in principle covered by their employment agency, they are at risk of non-payment of social security contributions and wages in the event that the agency becomes bankrupt. In such cases, the lack of joint liability rules and the unclear division of rights and responsibilities of the parties concerned might lead to limitations as regards social protection (ILO, 2016a). Rules governing joint or shared liability between the user firm and the agency, as introduced in countries such as France, Germany, the Netherlands and Peru, can ensure that user firms are liable for paying wages and social security contributions (ILO, 2016a; Spattini, 2012). Furthermore, improving access to information and transparency is key to raising the awareness of workers regarding their rights and entitlements. In China, the employing agency is required to inform the agency worker on the content of its agreement with the user firm, including on the period of the contract, the remuneration, and social insurance premiums (ILO, 2016a).

In some other cases, specific clauses or exclusion rules can leave workers unprotected. In the Netherlands, the “agency clause” allows the employment agency to end a contract as soon as an agency worker falls ill. Workers are then no longer entitled to payment of their wages from the third day of sickness (Gijsbert and Jansen, 2017). It is therefore essential to devise appropriate mechanisms to ensure adequate protection for temporary agency workers.

## Ensure adapted mechanisms to protect casual workers

A particular challenge is to ensure social insurance coverage for casual workers. Some countries have developed mechanisms that address this challenge for specific categories of workers in an innovative way.

Innovative approaches have been developed to cover workers in the construction sector who are mostly uncovered by social security schemes due to the complex employment relationships with different contracting and subcontracting companies and the casual and short-term nature of their work.

An interesting approach for covering workers in sectors with a high prevalence of casual and subcontracted work is found in India. Worker Welfare Funds, administered by tripartite Worker Welfare Boards, have been created to provide workers with an old-age pension, employment injury protection, health insurance and maternity cash benefits for women. They are usually financed through a flat rate contribution of the worker and a levy (*cess*) of one per cent of the total value of the construction project to be paid by the main contractor (Newitt et al., 2014). Although the results of this approach are uneven across federal states, this should not discredit an interesting innovation for the coverage of casual workers in a notoriously challenging sector of the economy.

In Germany, performing artists and publicists on short-term contracts are covered through a specific social insurance (*Künstlersozialversicherung*) which is financed through a (non-individualized) global contribution on total contract value by the contracting “employer”, plus workers’ contributions if earnings are above a certain level, as well as a government subsidy. Similarly, in France, a specific scheme for artists and authors (*le régime de sécurité sociale des artistes-auteurs*) ensures coverage for health care, pensions and family benefits through an adapted mechanism, taking into account the specificities of the sector, linked to the general scheme.

These examples demonstrate that adapted solutions can be found even for categories of workers generally regarded as “difficult” to cover.

## 3.3 Self-employed workers and those with unclear employment relationships

In many parts of the world, self-employed workers remain a group considered difficult to cover (Durán Valverde et al., 2013; Spasova et al., 2017). While self-employed workers are excluded from mandatory social insurance schemes in some countries, other countries ensure mandatory – though not necessarily comprehensive – coverage for some or all categories of self-employed workers. However, even where legal coverage is provided, unless specific measures are taken to overcome administrative and financial barriers, effective coverage may be lacking.

Among the reasons behind the non-coverage of self-employed workers is their heterogeneity in terms of needs, priorities and contributory capacities, as well as

the volatility of their incomes, the ineffectiveness of voluntary schemes, the lack of compliance and enforcement and the absence of an employer to share the burden of contributing to social security (the “double contribution” challenge) and to handle interaction with the social insurance administration.

Even if self-employed workers have access to the same schemes as other workers, they may face different, often less favourable conditions than salaried employees. Stricter contribution requirements, thresholds on minimum earnings, contribution periods and requirement for advance and regular payment of contributions may hinder the take-up and adequacy of benefits for these workers, despite their being legally covered. Unless specific measures are taken to facilitate their coverage, those with low and irregular earnings tend to be confronted with high administrative and financial burdens, with the possible consequence of not benefitting from social protection. For example, the contribution rates or payment modalities may not be adapted to their specific situation and contributory capacities, or administrative procedures, in terms of registration, contribution collection, or payment, may prove too burdensome (ISSA, 2012).

The level and extent of coverage varies across countries (see Table 2 for European countries, based on *Spasova et al. 2017*). Some countries provide for mandatory coverage of self-employed workers on terms similar to those enjoyed by salaried workers, while others provide for only partial coverage. In some countries, most self-employed workers are largely excluded from mandatory coverage.

**Table 2: Social insurance coverage of self-employed workers in Europe: broad country clusters**

Level of coverage	Description	Country examples
<b>Full to high access</b>	Self-employed workers are required to be insured under all the insurance-based schemes discussed in this report	Croatia, Hungary, Iceland, Luxembourg, Slovenia
<b>High to medium access</b>	Self-employed workers are not mandatorily insured under one or more insurance-based schemes that are mandatory for salaried employees. However, the self-employed in these countries can voluntarily opt into one or several schemes.	Austria, Czech Republic, Denmark, Finland, Poland, Romania, Spain, Sweden
<b>Medium to low access</b>	The self-employed are not required to be insured under one or more insurance-based schemes that are mandatory for salaried employees. They may opt into some schemes, but are excluded from others.	Bulgaria, Germany, Estonia, Ireland, Netherlands, Portugal, United Kingdom
<b>Low to no access</b>	Self-employed workers are not mandatorily insured under one or more insurance-based schemes that are mandatory for salaried employees, and they cannot opt into any of the schemes (most frequently unemployment insurance or work injury schemes).	Belgium, Switzerland, Cyprus, Greece, France, Italy, Liechtenstein, Lithuania, Latvia, Liechtenstein, FYR Macedonia, Malta, Norway, Slovakia, Turkey

*Note: In some countries, coverage of the self-employed is limited to selected social security branches, and partly provided through occupation-specific schemes.*

*Based on Spasova et al., 2017.*

Other countries that have extended social insurance coverage to self-employed workers for one or more branches include Brazil, Cabo Verde, Costa Rica, Ghana, Jordan, Kenya, Mexico, Morocco and the United Republic of Tanzania. For example, in Latin America, a set of policy reforms to extend coverage has resulted in a significant increase of coverage ratios for different categories of self-employed workers (employers, own-account workers), as well as workers in microenterprises (see figure 2).

Countries have chosen different policy choices to expand legal coverage, either by integrating self-employed workers into existing social security schemes or by creating separate new schemes for these workers. While the creation of separate schemes for non-standard and self-employed workers may account for the heterogeneity of labour characteristics of workers (such as in Germany and Poland for some categories of self-employed workers, or in Austria, Italy and Germany for dependent self-employed workers), it also poses the risk of segmentation and fragmentation of schemes and hampering labour market mobility and transition between different statuses. A particular issue is portability of entitlements, particularly in the case of long-term benefits such as pensions (Bertranou, 2007).

Belgium for example has initiated a long process of harmonization to include self-employed workers into mandatory social insurance for most social risks, including health-care and sickness benefits, long-term care, invalidity benefits, maternity benefits, family benefits, old-age pensions, and survivors' pension (De Wispelaere and Pacolet, 2017). Austria has strengthened its efforts to integrate all types of gainful employment into the social security system, extending health protection, old-age protection and unemployment protection to new self-employed, marginal part-time workers and freelancers (Spasova et al., 2017).

**Figure 2. Health and pension coverage by status in employment in Latin America**



Note: The graph reflects a regional estimate for Latin America based on available survey data.  
Source: Based on ILO, 2015.

Some countries use voluntary mechanisms to allow those with a certain contributory capacity to enjoy social protection. However, these rarely lead to substantial levels of effective coverage. Voluntary schemes tend to be plagued by adverse selection effects, often resulting in a lack of protection for the most vulnerable workers (ILO, forthcoming; Mesa-Lago, 2008). Extending coverage through mandatory schemes has proven to be more effective in terms of broad coverage and adequacy, provided that appropriate efforts are made to include those with lower contributory capacities, such as by subsidizing their contributions or introducing differentiated contributory categories. Mandatory schemes also allow for better risk pooling, thereby promoting financial sustainability of social security systems (ILO, forthcoming).

## Assessing earned incomes, setting fair contribution levels and addressing the double contribution challenge

Low and/or fluctuating incomes constitute one of the critical challenges to the extension of coverage to many self-employed workers as well as some workers in non-standard employment, such as temporary and part-time workers. For instance, self-employed workers who have mandatory or voluntary social insurance coverage might fail to pay the total amount of contributions, which in the case of employees is usually shared with the employer, and hence end up unprotected. Other workers, such as part-time workers and temporary workers, might face similar challenges in terms of limited financial capacities, particular when they have interrupted careers with (involuntary) spells of unemployment (ILO, forthcoming; Spasova et al., 2017). Often, thresholds set out in national social security legislation restrict access to social protection for workers who earn less than a specified minimum.

In addition to low incomes, many self-employed workers or workers in unclear employment relationships have variable incomes, which requires specific adaptations to social insurance schemes designed around employees with stable wages.

Policy innovations include:

- relaxing minimum thresholds on income for contribution purposes to facilitate coverage for some casual, on-demand and temporary workers as well as using differentiated contribution rates for self-employed workers (as in Spain) (Spasova et al., 2017).
- modifying the contribution collection schedule to accommodate the income patterns of self-employed workers, such as annual rather than monthly income (as in Sweden), seasonal income for rural producers (as in Brazil), or allowing lump sum or quarterly contributions (as in China).
- allowing for deferral of contributions during economic crises (as in Belgium) or interruptions in contribution periods (as in Cabo Verde) (ISSA, 2012).
- using broad income bands for the determination of contribution levels (as in Costa Rica, Republic of Korea), and/or allowing for the self-classification of incomes (as in Cabo Verde) (Durán Valverde et al., 2013; ISSA, 2012).
- Providing government subsidies for contributions of self-employed persons with very limited contributory capacities (as in Costa Rica) (Durán Valverde et al., 2013; SSA, 2013).

- Establishing contributory categories according to income or proxy measures, such as in Cabo Verde, Costa Rica and Korea, might help workers with irregular incomes, and those who face a time lag between completion of the work and receipt of payment (Durán Valverde et al., 2013; ILO, forthcoming; ISSA, 2012).

In some countries, contribution subsidies have been crucial in extending pension and health coverage to self-employed workers. A good example can be found in Costa Rica, where in addition to using contributory categories, the Government partially subsidizes contributions of low-income self-employed workers (proportional to their level of income) to take into account the diversity of contributory capacities (Durán Valverde et al., 2013). This has been essential in enhancing coverage rates in health insurance and pension insurance (Durán Valverde et al., 2013). Korea and Tunisia have shown progress in extending coverage for self-employed workers, mainly through mandatory contributory schemes where the employers' share of the contributions is subsidized (van Ginneken, 2009).

However, it is important to carefully design these mechanisms to balance the financial sustainability of social protection systems as well as equitable treatment of different types of workers. In this regard, countries could consider different mechanisms of financing, combining contributions and tax-financing.

## Adapted solutions for registration and contribution collection

Where countries have successfully extended social insurance coverage to self-employed workers, they have addressed not only legal barriers, but have also addressed financial and administrative barriers that self-employed workers often face (ISSA, 2012; Spasova et al., 2017).

Another way of facilitating coverage of self-employed workers is allowing for more flexibility in terms of interrupted contribution periods and minimum contributory periods required to qualify for social insurance coverage. For example, Luxembourg allows self-employed workers to voluntarily join the Mutual Employers' Insurance Fund without the need for a minimum contribution period (Spasova et al., 2017). However, if coverage is to be adequate, these efforts will have to be complemented by measures to provide guaranteed minimum benefit levels.

Other countries have sought to streamline their social protection systems to facilitate the coverage of self-employed workers for whom administrative procedures are likely more burdensome in terms of registration, income declaration, record-keeping, contribution collection and benefit payment (ISSA, 2012). A way of scaling down the administrative burden for self-employed workers is to facilitate access to registration by opening service centres in rural areas with a high flow of self-employed workers (as in Cabo Verde and Rwanda), reduce the requirement for proof documents (as in Brazil) or by introducing auto-enrolment (as in Canada, Chile, Italy, and New Zealand) (ILO, forthcoming). For example, the Canada Revenue Agency (CRA) that manages family benefits created an Automated Benefits Application for beneficiaries. It collaborates with the Vital Statistics Agency that securely sends the birth registration information to the CRA after the birth registration process. The CRA will automatically determine eligibility for benefits, thereby reducing the need for workers to provide hard copy evidence (Canada Revenue Agency, 2017).

Better coordination of information between social security institutions, using a single registry, or centralized electronic information systems, can help reducing the administrative



burden on workers and increase the efficiency and coordination of the social protection system provided that the protection of personal information and privacy and confidentiality is ensured (Durán Valverde et al., 2013; Sepúlveda and Nyst, 2012). In Colombia, for example, the integrated form for contribution settlement (PILA) and the single registry of contributors (RUC) are an effective means of facilitating user access to the social security system. Connected to banks and the central repository of the social security system, PILA is an electronic platform for the payment of contributions to the General System of Social Security, both for employees and for self-employed workers. The RUC allows the cross-referencing of registrants' contributory information contained in several social security subsystems. By acting as a centralized system, it promotes effective monitoring and supervision of contributors and allows for the detection of irregularities such as contribution evasion and multi-registration (Durán Valverde et al., 2013).

Innovative measures to simplify payment and contribution collection procedures, particularly for self-employed workers, include simplified tax and contribution mechanisms that unify different social security contributions and taxes into one single payment (as in Argentina, Brazil, France, Uruguay). For example, Uruguay's monotax (*monotributo*) mechanism is a simplified tax and contribution payment mechanism, that facilitates registration and coverage for micro-enterprises and self-employed workers (ILO, 2014b). The workers registered under this regime are covered by the same benefits as salaried employees (except for unemployment protection). The level of contributions depends on the income category of the workers. While participation in the pension scheme is mandatory, the system allows for voluntary affiliation to the health insurance scheme. By using different contribution categories and allowing for gradual and progressive contribution payments, this approach seeks not only to simplify administrative procedures but also to tackle the issue of low contributory capacity. Although the system needs a high degree of coordination between different social security institutions and tax collection authorities, the system has contributed to protecting self-employed workers and workers in micro-enterprises, particularly women, leading to a significant increase in social security coverage (ILO, 2014b).

Furthermore, collection registration and insurance agreements, usually facilitated through intermediaries, can be an effective way of overcoming some of the barriers to coverage for self-employed workers (see below).

While policy measures for extending social protection to self-employed workers in developing countries focus predominantly on adaptation measures to reduce the administrative and financial burdens associated with registration and contribution collection, some developed countries have undertaken efforts to ensure adequacy of benefits for self-employed workers. For example, Belgium has made the minimum pension for self-employed persons equal to that for salaried employees (European Commission, 2017).

## Exploiting the potential of intermediary bodies to fulfil some employer functions

Innovative solutions have emerged where intermediary bodies, such as cooperatives, trade unions or associations, not only enable workers with similar interests to organize but also adopt some of the obligations of employers, particularly with regard to aggregating information and contributions across multiple employers and reducing the administrative burden for workers by liaising with social insurance institutions (Degryse, 2016; Hill, 2015; Scholz, 2016).

For example, the SMart cooperative, based in Belgium but active throughout Europe, offers mediating services to self-employed workers, taking over part of the responsibilities of an employer, including with regard to social security coverage (Johnston and Land-Kazlauskas, 2018). In Colombia and Costa Rica, producers' associations or cooperatives enter into collective insurance agreements with social insurance schemes, negotiate contribution rates with the social security administration according to the contributory capacity of different contributory groups by means of specifically presumed income references and collect contributions and transfer them on behalf of the workers to the social security institution. This approach reduces not only transaction costs for workers but also collection costs for social security administrations (Durán Valverde et al., 2013). Although this model has been primarily used for self-employed workers, it may also contribute to improving access to benefits not mandated by law for workers that have multiple employers. For example, the city of San Francisco in the United States administers portable health plans to which multiple employers can make contributions on behalf of all workers who work more than eight hours. Furthermore, some private companies operate as "employer of record" for workers who would not have access to employer-based benefits in the United States (Strom and Schmitt, 2016).

## Dependent self-employment and disguised employment relationships

While the extension of coverage to genuine forms of self-employment remains a huge challenge, the rise of dependent self-employment arguably constitutes an additional, distinct challenge, blurring the boundaries between dependent employment and self-employment. Such workers undertake work under a contract different from an employment contract but financially depend on one or a small number of clients and/or receive instructions in terms of work time, place and content of the work (Eichhorst et al., 2013; Williams and Lapeyre, 2017). Due to the legal uncertainty of their employment status, respective rights and responsibilities may be unclear, creating legal grey areas (ILO, 2016a). In some cases, the employment relationship is disguised to circumvent labour law and social protection provisions, such as when workers are deliberately misclassified as self-employed or as workers employed by a third party in a multi-party arrangement (European Commission, 2017).

As a reaction to the misclassification of workers as self-employed or as workers hired by a third party in order to avoid paying taxes and social insurance contributions, some countries have sought to ensure equal treatment for dependent self-employed workers and to curb disguised employment (as in Austria, Estonia, Italy, Germany, Netherlands, Portugal, Romania, Spain and Slovakia) (ILO, 2017d; Spasova et al., 2017). Efforts included the establishment of clear criteria to define dependent self-employment and in some cases the creation of hybrid categories with rules governing their social protection. Countries such as Austria, Germany, Italy, Spain and Romania have introduced measures to close protection gaps for dependent self-employed. These include creating an intermediate category for dependent workers and extending access to social security (Eichhorst et al., 2013; Spasova et al., 2017). In Spain, dependent self-employed workers, defined as self-employed workers who work predominantly for a single client on whom they depend for at least 75 per cent of their income, are mandatorily covered under employment injury insurance. In Italy, a special and separate social security fund was created for economically dependent workers to avoid the sole use of such employment relationships as a means of reducing labour costs. The creation of hybrid categories may not cover all forms of dependent workers (Eichhorst et al., 2013); the integration of self-employed workers into general social security schemes may thus necessitate a more comprehensive effort.

In the Netherlands, the Government has endeavoured to curb disguised self-employment by improving enforcement. Self-employed workers are now required to register at the Tax and Customs Administration, giving the authorities a legal mechanism by which to eliminate contention over the employment status of a worker. Another interesting measure in the Dutch context is to classify low-paid self-employed workers as employees, with the aim of extending social protection coverage to them. Conversely, however, the universal work incapacity scheme has been abolished (Gijsbert and Jansen, 2017). Allowing the use of temporary work for only genuinely temporary tasks can in general limit the use of temporary work, and, in particular, help to preclude the misuse of temporary contracts as a way to reduce labour costs (ILO, 2016a).

## Facilitate transitions between salaried employment and self-employment, and the combination of both

Global trends, including the rise of the platform economy, workers' greater desire for job flexibility and employers' greater need for operational flexibility to adapt to changing business markets, have in many countries led to an increase in labour mobility, that is, workers more frequently change their employment arrangements, combine salaried employment with self-employment, or have multiple employers and jobs. While higher labour mobility may offer new opportunities in terms of additional income or professional development, it can also hinder workers from effectively taking up social protection benefits, particular those that are linked to a contract with a specific employer or to salaried employment, unless there are measures to ensure coverage across different employment statuses, employers and social security systems (ILO, 2016a; Waldorf, 2016).

In order to provide effective protection throughout a worker's life, social protection systems need to ensure that rights and entitlements are fully transferable between jobs and employment statuses, allowing all workers irrespective of their contractual arrangement to contribute and benefit from social protection from the first day they start working and to accumulate and preserve entitlements across employers, contracts and between salaried work and self-employment (European Commission, 2017). This is not only important in terms of enhancing the portability of benefits, but also supporting people throughout their career paths, which involve more frequent transitions between different jobs and employment statuses, and thus facilitating labour market mobility and more dynamic labour markets (European Commission, 2017; ILO, forthcoming; ILO and OECD, 2018).

This objective is relatively easy to achieve if a single general social security scheme covers all types of workers for a given risk or contingency, provided that appropriate measures are taken to adapt the scheme to the specific requirements of self-employed workers. For example, in Uruguay, the general social security scheme covers both employees and the self-employed in all sectors of the economy. Where several schemes exist for workers in different economic sectors, occupations or types of employment, efficient coordination mechanisms are necessary to ensure lifelong coverage, whereby labour mobility is fully supported by portable rights and benefits.

Uniform systems of social security numbers or smart cards that collect information about social insurance records and entitlements of workers and facilitate the identification of workers can also contribute to ensuring portable and transferable benefits (ILO, forthcoming).

Portability of rights and benefits is also essential for providing social protection for migrant workers who often find themselves in vulnerable forms of employment and often are excluded from social security systems in their host countries, especially when appropriate and effective coordination mechanisms are not in place (Taha et al., 2015). While this paper will not further embark on this subject, the important role of bi- and multilateral agreements shall be emphasized, as to ensure migrant workers' entitlements to pension benefits, workers' compensation and unemployment benefits for regular migrant workers (van Panhuys et al., 2017).

In order to facilitate transitions between self-employment and salaried employment for self-employed workers in Belgium, Denmark, France, Croatia, Luxembourg, Netherlands and Sweden, contribution periods from previous employment count towards unemployment benefits, or workers are able to transfer their pension entitlements to the new place of employment or residence (Spasova et al., 2017). For example, in the unemployment protection scheme in Luxembourg, self-employed workers need to have contributed at least two years to the mandatory pension insurance (as compared to 26 weeks for salaried workers), but periods of insurance completed as an employee can be added to this period of two years, provided that the worker was classified as self-employed for at least six months before requesting the benefits (Pacolet and Op de Beeck, 2017).

Some countries have opened the possibility for self-employed workers to accumulate their entitlements in individual accounts. In Latvia, workers' social insurance contributions are accumulated in an individual account whereby entitlements are retained even when workers move between different employment statuses. While this individualized system may ensure preservation and portability of social security entitlements, the degree of redistribution is rather low, giving cause for concern that workers are being overburdened (Rajevska, 2017).

Moreover, insofar as individual accounts or portable benefits are linked to incomes or hours worked, they may not adequately protect workers, unless other measures have provided at least a basic level of protection for all. The reason is that workers need to accumulate a sufficiently high income to enjoy adequate protection, which is particularly difficult for those with low contributory capacities due to their work patterns. This is for example the case for many crowdworkers whose main barrier to social protection coverage is not the lack of portability of benefits, but rather the lack of labour and income stability (Berg, 2016). The proposal to introduce individual accounts or portable benefits has to be evaluated carefully, as such arrangements run the risk of shifting the responsibility for social protection onto the shoulders of the individual, and in the absence of redistribution and risk-pooling mechanisms may undermine the importance of solidarity and fairness in financing as the basis of social protection systems. Furthermore, the danger of this debate is that it diverts attention from the principal responsibilities of employers towards their workforce, such as the provision of good working conditions and the payment of the minimum wage and overtime (Berg, 2016).

## 3.4 Workers on digital platforms

The new forms of work arrangements on digital platforms share some of the features of the categories of workers discussed above. These work arrangements include app-based work provided locally (such as chauffeur services provided through Uber, Didi or Grab), and crowd-based work which is provided in a global setting (well-known providers include Amazon Mechanical Turk or Crowdflower), and the characteristics of the work provided has important implications for possible policy solutions for social protection coverage.

Much of the work on digital platforms is part-time, temporary, often casual, and the boundaries between genuine self-employment and disguised employment relationships tend to be blurred. Digital platforms have emerged through which businesses can outsource tasks – that in former days would have been delegated to a single employee – to a large pool of virtual workers in different countries; this renders it even more difficult to identify the party responsible for contributing to social insurance (European Parliament, 2016). While most of the administrative and legislative adaptations discussed above may also apply to, and benefit, workers on digital platforms, there are some additional issues affecting specific categories of workers on digital platforms which will be addressed in this section.

The increasing prevalence of work mediated by digital platforms has also brought about challenges in the attainment of decent work, similar to those attached to casual work (Eurofound, 2017). The growth of the platform economy has rendered the lines between self-employment and dependent employment more blurred, with disguised employment relationships and dependent self-employment on the rise.<sup>5</sup> Platform workers are almost invariably categorized as self-employed workers, despite the fact that their work may be closely supervised and characterized by a dependency relationship vis-à-vis their client(s) (De Stefano, 2016). Usually, neither the “buyers” of their services (those requesting the services) nor the “organizers” (platforms) recognize an employment relationship which would also entail responsibilities with regard to social security (Eurofound, 2017; Forde et al., 2017).

In many cases, platform workers engage in other forms of employment, from which they may derive social security entitlements (Berg, 2016; De Stefano, 2016; Huws et al., 2017; Valenduc and Vendramin, 2016). While this is indeed true for many workers in the gig economy, there is also a share of workers who are financially dependent on crowdwork as their main source of income (Berg, 2016; Forde et al., 2017). For example, Berg’s (2016) survey of crowdworkers showed that 90.6 per cent of US crowdworkers who did this work as their main job, did not contribute to social security. It is thus very likely that most platform workers, especially those with low incomes who are more dependent on crowdwork, lack social protection coverage (Forde et al., 2017). Unless appropriate policy responses are introduced to reduce these vulnerabilities, the growth of the gig economy may exacerbate current gaps in social protection coverage, giving rise to growing precariousness (Forde et al., 2017; Spasova et al., 2017). Moreover, as far as social security coverage for workers engaged in digital work is financed through their coverage through their main job in the “traditional” economy, this raises concerns about fair competition and equity regarding the financing of social protection systems (Rani et al., 2018).

## Adapting legislative frameworks and ensure compliance

Existing labour and social security laws are often not sufficiently specific with regard to the coverage of workers on digital platforms, and are often not adequately enforced to ensure compliance. In particular, in many cases, unclear rights and responsibilities can also affect the coverage of workers with multiple employers and simultaneous jobs.

5 While disguised employment describes a relation where the employer treats an individual other than an employee in a manner that hides his or her true status, dependent self-employment refers to working relationships where workers perform services for a business under a contract different from an employment contract but depend on one or a small number of clients for their income and are subject to direct guidance concerning their work (ILO, 2016c).

For example, on crowdwork platforms, where tasks are divided into micro-gigs and delegated to a large pool of virtual workers, workers tend to execute multiple jobs for multiple “employers” in a single day (Berg, 2016; Forde et al., 2017; Rani et al., 2018). In some cases, workers combine this work with salaried employment, which means that they may enjoy some social security coverage, albeit often incomplete. This also raises concerns about the “new” economy freeriding with regard to the financing of social security at the expense of the “traditional” economy, with implications for fair competition, as well as the equitable and sustainable financing of social protection systems (Rani et al., 2018).

It is therefore essential to ensure that legislative frameworks are adapted to cover crowdworkers, particularly with regard to clarifying the nature of the employment relationship in line with the ILO Employment Relationship Recommendation, 2006 (No. 198), thereby specifying the respective rights and responsibilities of platforms, requesters and workers.

## Addressing dependent self-employment in the gig economy

The issue of employment classification is also relevant in the gig economy where workers are almost invariably classified as independent contractors, with potential implications for their social protection coverage as they fall outside of the legal requirements attached to the standard employment relationship (Forde et al., 2017). While in some cases this may arise from the independent nature of the work, in other cases legislation may simply not yet have accounted for these changing forms of employment or the employment relationship may be disguised to evade employer responsibilities (Berg, 2016; De Stefano, 2016; Forde et al., 2017). If misclassified crowdworkers were reclassified as employees, platforms would then be obliged to pay the minimum wage and ensure social protection coverage (Berg, 2016; Codagnone et al., 2016).

Responding to the increasing prevalence of crowdworkers being classified as self-employed workers, some countries have introduced measures to ensure at least a minimum level of coverage in some areas. For example, France has recently introduced new legislation that obliges digital platforms to pay occupational accident insurance premiums for self-employed workers when the latter voluntarily or compulsorily take out such insurance policies, unless the platform has established a collective contract (Huteau and Bonnard, 2016).

## Clearly establish rights and responsibilities, particularly with regard to an employment relationship

Unclear rights and responsibilities can also affect the coverage of workers with multiple employers and simultaneous jobs. In the platform economy, where tasks are divided into micro-gigs and delegated to a large pool of virtual workers, as mentioned above, workers can execute multiple jobs for multiple platforms and requesters in a single day (Forde et al., 2017). Where such workers combine this work with a main salaried employment, they might be covered through their main employer, yet underreporting their earnings and as a result not receiving the benefits they should be entitled to (ILO, forthcoming).

## Ensure universal coverage of all workers through adapted mechanisms

As set out above, measures to ensure universal social protection coverage for all workers are essential for ensuring adequate protection for workers, and a level playing field for employers. For this reason, measures are required to extend social security coverage to all workers through adapted mechanisms, including self-employed workers (Eurofound, 2017; Spasova et al., 2017; OECD, 2016), economically dependent self-employed workers (Eichhorst et al., 2013) and workers with multiple employers. This should include lowering or removing minimum thresholds for contributions with regard to the size of the enterprise, working time or earnings (ILO, 2016b). These measures should ensure institutional coherence, avoiding fragmentation, include mechanisms to facilitate coverage for workers with multiple employers, and ensure the portability of rights and entitlements.

## Simplify administrative procedures and ensure adapted financing arrangements, harnessing digital technology

Coverage for workers on digital platforms calls for simplifying or streamlining administrative and financing requirements and procedures, harnessing the potential of digital innovation to develop adapted administration and financing mechanisms. This can include, as discussed above: simplified tax and contribution payment mechanisms, facilitating electronic access to information and administrative procedures; more flexible contribution collection schedules or using flat contribution or broad contribution categories; and developing mechanisms to deal with situations of complex or unclear employment relationships, for example, through alternative financing arrangements.

The registration and payment process can also be simplified by introducing electronic procedures. Uber drivers in Uruguay, for example, can download a phone application that automatically deducts social security contributions (BPS Uruguay, 2017; ILO and OECD, 2018). Similarly, in Malaysia and Indonesia, taxi drivers and Uber or Grab drivers can register and undertake their annual pre-payment for the employment injury schemes online (Ismail, 2017; Susanto, 2017). In Estonia, Lithuania and Sweden, Uber drivers can ask Uber to share their fare and other information directly with tax authorities on their behalf, facilitating tax payment for individual drivers and tax collection for tax authorities (Uber, 2018). Such simplified payment mechanisms could also be envisaged for social insurance, thereby ensuring workers' social security coverage.

In addition, intermediaries such as worker cooperatives can play an important role in facilitating social security coverage for workers active on digital platforms (see above), particularly with regard to “platform cooperatism”, where cooperatives of workers operating on digital platforms provide a model for strengthening workers' rights and facilitating access to social protection (Scholz, 2016).

## Establish coordination mechanisms to ensure adequate coverage in the case of cross-border arrangements

Much of the work provided on digital platforms involves actors based in different countries and jurisdictions. In order to provide adequate social security coverage for workers on digital platforms, it is essential to clarify the applicable legislation and institutional arrangements to ensure social protection in the case of cross-border arrangements.

In the case of locally-provided services (such as taxi or chauffeur services provided through digital platforms), the government and other public authorities have responsibility to ensure that the applicable labour and social security legislation is adequately applied and enforced. For example, in Uruguay, the Government has permitted Uber and similar companies to operate in the country only under the condition that it ensures mandatory social security coverage for all drivers, including those operating through Uber and other platforms, and facilitates coverage through a customized electronic application, building on its experience with simplified tax and contribution collection mechanisms for the self-employed and micro-enterprises (the *monotributo* mentioned above) (BPS, 2017).

In the case of crowdwork platforms, the situation can be more complex, as platforms, requesters and workers may be based in different countries (Rani et al., 2018). Appropriate coordination mechanisms are necessary to determine the applicable labour and social security legislation, and ensure effective enforcement mechanisms to ensure social protection of workers, and a level playing field between different types of employment in the “new” and “old” economy. In addition, more efforts need to be devoted to building up effective social protection systems in those countries where these are still rudimentary, extending coverage and ensuring the adequacy of benefits.

## 4. Strengthening tax-financed mechanisms to guarantee a social protection floor for all

Strengthening social protection systems to better respond to future challenges will require combining different social protection mechanisms that are linked to employment or residence in an optimal way, with appropriate financing mechanisms available through taxes or contributions. Non-contributory social protection schemes, financed by general taxation, are key to closing coverage gaps and ensuring at least a basic level of protection for everyone, in accordance with Social Protection Floors Recommendation, 2012 (No. 202).

### 4.1 Building a solid social protection floor within social protection systems

Non-contributory social protection schemes are key to covering those who are not covered or not sufficiently covered by contributory schemes. For example, contributory, tax-financed benefits may close gaps in social protection coverage for workers in non-standard forms of employment and self-employed workers with regard to child and



family benefits (as in Australia, Botswana and Mongolia), maternity cash benefits (as in Australia, Mongolia and New Zealand) and disability benefits (as in Bolivia, Iceland and Namibia). Furthermore, the introduction of universal, non-contributory social pension schemes for older persons can be a means to ensure at least a basic level of protection in old age to (former) workers in non-standard forms of employment and self-employment. Some countries, such as Bolivia, Botswana, Denmark, Lesotho, Namibia, Sweden, Timor Leste and Zanzibar, provide universal pensions for older persons as a basic level of protection, which can be complemented by contributory pension schemes. Other countries provide non-contributory pensions for those who do not reach a minimum level of income (as in Algeria, Chile, South Africa and Viet Nam) or for those who have not built up sufficient entitlements under the social insurance scheme (as in Armenia, Egypt, Norway and Thailand) (ILO, 2017a). In the area of health protection, resources from general taxes are essential in funding national health services (such as in Canada or the United Kingdom) or subsidizing contributions, particularly for social insurance schemes, for those with low incomes (as in Austria or Germany) or those outside of the formal economy (Ghana) (ILO, 2014a).

Many countries, including Brazil, Cabo Verde, China and Thailand, have extended coverage to previously unprotected groups of the population through a combination of contributory and non-contributory schemes (ILO, forthcoming). The combination of different elements and financing sources is key to building a strong social protection floor and to progressively ensuring higher levels of protection, ensuring fiscal and economic sustainability with due regard to social justice and equity. Such an approach has the potential to promote a social contract which allows for risk pooling and redistribution among different groups of the population (ILO, 2016b).

Building social protection floors is particularly important for women, who are often overrepresented in self-employment and some forms of non-standard employment, such as part-time and temporary work, and less likely to contribute to social insurance and to build up social security entitlements in their own right (ILO, 2018c; Tessier et al., 2013). Non-contributory social protection programmes, such as universal social pension schemes in the Plurinational State of Bolivia, Mauritius, Namibia, Nepal and Timor Leste, have ensured that women have access to some social protection, although benefit levels are often low and do not cover all social risks. Moreover, non-contributory benefits provided on a household basis (as is the case with many poverty-targeted schemes) can put women at a disadvantage. For these reasons, as such non-contributory benefits secure only a basic (and in some cases very modest) level of protection, it is essential to strengthen social insurance mechanisms in order to ensure adequate levels of protection (ILO, 2017a, 2016c). In order to achieve adequate levels of social protection for women, both non-contributory and contributory mechanisms need to be strengthened in a gender-sensitive way. The measures described above to enhance social protection coverage for different categories of workers are essential in this respect.

## 4.2 Universal basic income – a viable solution?

The discussion about the future of work has also revived the discussion about a universal basic income (UBI) as a possible solution for the rise in job and income insecurity associated with changing employment and work arrangements (Atkinson, 2015; Standing, 2017; Stern and Kravitz, 2016; Van Parijs and Vanderborght, 2017).

Some observers hold that a UBI as a universal, unconditional and regular entitlement would contribute to buffering a possible jobless future, while maintaining individuals' dignity by freeing up time to engage in meaningful work that is not remunerated by the market, and increasing their bargaining power in wage negotiations (Healy et al., 2013; Wright, 2002).

There is, however, a wide range of diversity in the UBI proposals currently discussed, with widely diverse understandings of the objectives and the design of a possible UBI, including with regard to proposed benefit levels, prospective recipients, costs and financing mechanisms, administrative arrangements, the benefits and services that such a universal basic income would replace, as well as the expected economic and social impacts. The range of proposals is as diverse as the spectrum of UBI proponents, ranging from those who aim to empower individuals to live a life in freedom to those who favour the replacement of social protection systems by a minimalistic safety net.

Critics question the economic, political and social feasibility of a UBI and its capacity to reduce poverty and inequality, especially in developing countries where the livelihoods of the majority of the population will continue to depend on work (ILO, 2017f; OECD, 2017; Piachaud, 2016; UN, 2017). Concerns have been expressed that the provision of a UBI would relieve employers of their current responsibility to provide decent wages and their obligation to respect minimum wage and collective bargaining laws (Raventós, 2007), that to divorce income security from employment in such a radical way could provide disincentives to work (Bergmann, 2004), that benefit levels may be insufficient to ensure a decent standard of living, or that the high cost of a UBI could displace other priority areas of government spending, including on public services (OECD, 2017; Browne and Immervoll, 2018; IMF, 2017).

Proposals that suggest a very modest level of a UBI, which could be complemented by private provision for those who can afford it, especially if combined with further labour market deregulation, offer no viable basis for a future social contract. A careful analysis of policy proposals is therefore indispensable to evaluate the potential of a UBI to ensure a basic level of income security for all, and assess the wider implications for society.

## 4.3 Ensuring sustainable and equitable financing through general taxation and other financing sources

Many observers agree that a greater emphasis on tax financing of social protection systems will be necessary in the light of the higher demands placed on the social protection system, due to possibly higher levels of unemployment and population ageing, combined with a possible erosion of the contribution base for social insurance.

However, there is little agreement on how this can be achieved. Some observers are hopeful that additional resources for the financing of social protection systems could stem from taxing robots and other technologies, or capital in general, which could help to share productivity gains more widely among the population (ILO, 2018a). Others argue that the taxation of carbon emissions, or other forms of environmentally friendly taxes could provide an additional source of revenue.

What is less clear, however, is whether and how governments could enhance their capacity to tax the highly mobile owners of robots and capital, so as to mobilize the necessary resources for social protection in the context of a globalized economy and tax competition. Governments are already facing major challenges with regard to the taxation of corporations, especially those active in the digital economy, and further, internationally coordinated efforts would be necessary to ensure a solid funding base for social protection systems and other priority spending.

Other proposals for enlarging fiscal space include the reprioritization of public expenditure, broadening the tax base, increasing the taxation of wealth, increasing consumption taxes in a non-regressive way, such as taxes on tobacco, alcohol and luxury goods<sup>6</sup>, reducing fuel subsidies, curtailing illicit financial flows and more favourable macro-economic policies (ILO, 2017a; Ortiz et al., 2017). While it is essential that more effective tax systems can ensure an adequate and sustainable funding base for tax-financed benefits, it is likely that social insurance contributions will continue to play an important role as a source of financing for social protection systems.

Complementing public social protection systems, private provision may continue to play a certain role, yet the experience with the privatization of pension schemes in the 1980s and 1990s, which did not deliver the expected results in terms of reducing fiscal cost, expanding coverage and increasing efficiency, raises serious doubts about an expanded role for private provision (ILO, 2017a, 2018a).

For this reason, a strong role for public provision, financed through a combination of taxes and contributions, has a greater potential for ensuring adequate social protection for all in a fiscally, economically and socially sustainable way, building on the principles of risk sharing, equity and solidarity, thus strengthening the social contract (ILO, 2016b, 2018a).

## 5. Conclusions: Ensuring universal social protection for the future of work: which way forward?

Ensuring universal social protection for the future of work requires closing coverage gaps and adapting to new contexts related to the emergence of new forms of employment, such as work on digital platforms, and responding to specific situations and needs of such workers, so as to realize the human right to social security for all. Many countries have already implemented innovative policy solutions to address those challenges, but more can and should be done to ensure that social protection systems are fit for purpose.

In fact, existing social protection systems have shown a remarkable capacity to adapt to new challenges, and some policy innovations both in developed and developing countries can offer some lessons learned that can help to stimulate such adaptations (ILO, 2016, 2017). New technology, including digital platforms and mobile services,

<sup>6</sup> Ghana provides an example of an earmarked value added tax on these products to finance the extension of health coverage through its National Health Insurance.

can be harnessed to facilitate access for different categories of workers and employers, including in rural areas, and enhance protection for workers in non-standard forms of employment, including on digital platforms.

Social protection, including both contributory and non-contributory schemes and programmes, constitutes an important element of decent work as it contributes to preventing and reducing poverty and inequality, including gender inequality. However, a significant proportion of the world's population still has insufficient social protection coverage, or none at all, leaving them vulnerable to social risks throughout their lives, particularly with regard to income security and access to health care. This trend of growing precariousness among a large share of the population, alongside concerns of increasing inequality and informality, has fuelled debates about the future of social protection. While new changes in the years ahead are likely to affect the world of work in general, and national social protection systems in particular, it is without doubt that work will remain important for people's livelihoods and personal well-being.

Recognizing the challenges faced by workers in non-standard employment and the self-employed when attempting to access social protection, countries have undertaken various measures to extend social protection. The first set of policy measures include the adaptation of social protection systems, particularly by eliminating or lowering minimum thresholds regarding minimum earnings, working hours or the duration of employment; making systems more flexible with regard to interrupted contribution periods; enhancing the portability of entitlements and ensuring effective minimum benefit levels in order to improve the coverage of non-standard and self-employed workers. The second set of policies aims at guaranteeing a basic level of protection for everyone by complementing contributory with non-contributory social protection elements so as to guarantee a social protection floor.

Although the proposals for a universal basic income and individualized arrangements may partially address the possible disruption of jobs and the changing work and employment arrangements, they also raise fundamental questions about the balance between personal freedoms and societal needs, the meaning of work in individuals' lives as well as the fair sharing of responsibilities between employers and workers concerning social security contributions.

Even so, it is clear that current social protection systems need to be strengthened and adapted to adequately address the challenges in the world of work, based upon the principles of risk pooling and equity in financing and benefits, so that social protection continues to deliver as an instrument of social justice and cohesion. The principles laid out above – universality of protection and accessibility, adequacy, transferability, gender equality and good governance – can guide the way for measures to adapt and strengthen social protection systems.

Building comprehensive social protection systems with strong, nationally appropriate social protection floors for all is fundamental to promoting more equitable and sustainable social protection systems. In this regard, ILO Recommendation No. 202 underlines the potential of combining different mechanisms of social protection linked to either employment or residency, with appropriate financing through taxes or contributions. Fundamental to any reforms is effective social dialogue, involving social partners including voice and representation of those in non-standard forms of employment and in the informal economy.

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