

2. Social protection systems in a changing world of work



Background

The proposed priority will benefit from the consensus already reached under previous presidencies, such as the Russian one, when Labour and Employment Ministers (LEMs) stressed the importance of strengthening social protection systems, worker's rights and access to social protection as well as to enhance the link between social assistance and labour activation measures¹. In 2016, under the Chinese Presidency, LEMs agreed on the G20 policy recommendations for promoting more equitable and sustainable social protection systems. The recommendations call for policies expanding social security coverage, taking advantage of the role of social protection in supporting consumptions, and strengthening policy coherence between social protection and labour market activation². In 2017, under the German Presidency, LEMs recognized the growing need for policy solutions to ensure access to adequate social protection and social security coverage for all workers, including those in non-standard forms of employment³. In 2018, under the Argentinian Presidency, LEMs delivered the G20 guidelines and principles for developing comprehensive social protection strategies. There, Leaders were invited, inter alia, to promote access to social protection and the effective portability of social security entitlements between different employment statuses within and between countries; as well as to foster equitable and sustainable financing of social protection systems through a combination of contributions and taxes⁴. Most recently, under the helm of the Kingdom of Saudi Arabia, the G20 addressed the issue of new challenges to access to social protection arising from technological advancement. In Riyadh, Leaders recognized the importance of protecting and promoting decent jobs for all, especially for women and youth, supporting access to comprehensive, robust, and adaptive social protection for all⁵. Similarly, LEMs acknowledged the reinforced the need for strong social protection in light of the pandemic, and that social protection systems need to adapt to face the ongoing unprecedented challenges as well as to provide comprehensive and adequate protection to women and youth (who are often concentrated in the lowest-paid, most vulnerable sectors and disproportionately represented in informal employment)⁶. Finally, they agreed on a series of policy

¹ G20 Labour And Employment Ministerial Declaration, 2013, para 8.3, 9.

² G20 Labour And Employment Ministerial Declaration, 2016, Annex 5: Policy Recommendations for Promoting More Equitable and Sustainable Social Protection Systems.

³ G20 Labour And Employment Ministerial Declaration, 2017, Annex A: G20 Priorities on The Future of Work, Para 2.

⁴ G20 Labour And Employment Ministerial Declaration, 2018, Annex 3: Guidelines and Principles for developing comprehensive social protection strategies.

⁵ G20 Riyadh Leaders Declaration, 2020, para 24.

⁶ G20 Labour And Employment Ministerial Declaration, 2020, para 4.



options for adapting social protection to reflect the changing patterns of work, with a particular focus on the correct classification of employment status⁷.

Evolution and policy response

The Covid-19 pandemic has forced many countries to swiftly introduce extraordinary measures to mitigate the negative effects of the crisis on employment, household income and on companies' liquidity, with an estimated stimulus of more than US\$ 10 trillion.⁸ The policies adopted for the labour market have been heterogeneous, reflecting the different characteristics of each country's institutional and legislative framework. There are, however, some common features. In response to the need to suspend certain activities, respect distancing measures and ensure adequate health protection, many countries have introduced ad hoc measures or strengthened existing measures, such as short time work, wage subsidies, unemployment benefit and income support schemes. The use of special leave was also common in most countries, allowing workers to reduce their risk of exposure to Covid-19 while also caring for children and family members in need of care during lockdown. Minimum income schemes (either already in place or introduced as an emergency measure) further contributed to prevent an increase of poverty in the weaker segments of the population.

Covid-19 confirmed that there are some groups - atypical or self-employed workers and informal workers - who are more exposed to the consequences of crises, having limited if any access to employment and social protection measures. More generally, in some countries, young people were amongst the most hit. The experience of last year thus raises the question of how to **reshape social protection systems** towards the goal of making them accessible to all regardless of their labour contract, and moving from an emergency to a stable set-up. The correct classification of workers employment status is an important step in this process, as agreed in Riyadh in 2020.

New social protection models must support inclusive and sustainable growth, and accompany the ongoing transitions in the global economy, primarily to a digital and green economy. Before the pandemic, the contribution of the digital economy to global GDP was over 15 %. Its impact on well-being was much higher, though difficult to estimate. It is likely that both contributions have increased with the pandemic crisis. However, **the digital economy has also contributed to the proliferation of non-standard forms of employment**, which pose questions and challenges in terms of regulation, employment protection and access to social security. In addition, the

⁷ G20 Labour And Employment Ministerial Declaration, 2020, Annex 2:Policy Options for Adapting Social Protection to Reflect the Changing Patterns of Work.

⁸ (ILO) ILO Monitor: COVID-19 and the world of work. Fifth edition.



green transition poses challenges to the world of work. While pursuing the objective of limiting the growth of global warming to 2 degrees Celsius will lead to an increase of 18 million jobs by 2030, industries based on traditional energy production and the use of polluting energy still have a significant weight on GDP and employment, both in advanced and developing economies. Social protection will play a key role in supporting workers who will need to move to new sectors or new occupations.

These long-term trends interact with possible changes in the demand for work caused by the pandemic. We do not know whether the increase in the unemployment rate that we are experiencing in many G20 countries today will reverse rapidly as soon as the health situation improves. Nor do we know whether workers will equally benefit from productivity gains that might result from a more intensive use of new technologies. On the contrary, inequalities could increase.

Ways of adapting the social protection system to an evolving economic and social reality must therefore be explored, ensuring the adequacy and effectiveness of provisions within a sound public finance framework. Contribution-based systems need to be sustained and extended to workers in non-standard forms of employment, supplementing them with social protection schemes financed through general revenues, to expand coverage and avoid poverty traps. However, the speed of change also points to the need to **add to a more traditional system of social protection a broader system of universal minimum protection.** The latter should recognise basic rights, such as health or education, as well as minimum living wages and minimum guaranteed income.

In the context of social protection, promoting social protection floors that provide social assistance for those who are excluded from the contributory social security system can be facilitated by **combining income support with active social and labour market policies that support workers' transitions, in particular the reintegration of inactive and unemployed workers in the labour market.** Such active labour market policies encompass training and retraining programmes, as well as developing labour market relevant skills in order to reduce the skill mismatch and facilitate reallocation to new sectors or occupations. It is also key to **strengthen synergies between education and training systems and the labour market,** through skills acquisition and certification processes, fostering the development of new skills and exploiting the potential of work-based learning. Investment in lifelong learning, in the context of pandemic recovery measure, should give priority to those who are more vulnerable to labour market shocks, including those who are low-skilled.

The **Italian Presidency** intends to continue the debate on social protection systems and their evolution perspectives in order to adapt them to emerging forms of work



and changing needs, building on what has been done, most recently, by the Saudi Arabia Presidency in 2020.⁹ We would like to exchange thoughts about the possibility of extending forms of contributory social insurance to those categories of workers currently lacking of adequate support. We would also like to explore how to design and develop schemes that combine income support policies with training, labour market activation and social policies in order to quickly reallocate unemployed and inactive people into the labour market. With the support of the International Organisations, we can exchange experiences and results on these issues, with the aim of identifying **policy options to make the principle of “access to social protection for all” operational and sustainable.**

⁹ G20 Labour and Employment Ministers Declaration, September 10, 2020. Annex 2.