



भारत 2023 INDIA

Labour 20 (L20)

Issue Note

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Zero Draft for L20 2023

Issue 1: Universal Social Security^{1*}

For G20 under Indian Presidency

I. Background

The growing diversification of employment and work arrangements has implications for access to adequate social protection. The phenomenon is compounded by the emergence of new forms of work, automation and globalization. It is well known that there has been a lot of diversification of work resulting in major changes in the labour market. The global supply chains connect industries and workers throughout the globe, new technologies have been transform the work organisations, leading to the emergence of new forms of work which were unheard of a few decades ago. Such changes in work dynamics has over the period resulted in greater informality of work, thereby resulting in lower levels of protection. Today, many countries are still facing significant challenges in making the human right to social security a reality for all. As of 2020, only 46.9 per cent of the global population were effectively covered by at least one social protection benefit¹ (Sustainable Development Goal (SDG) indicator 1.3.1), while the remaining 53.1 per cent – as many as 4.1 billion people – were left wholly unprotected². Behind this global average, there are significant inequalities across and within regions, which call for adequate and adapted policy responses.

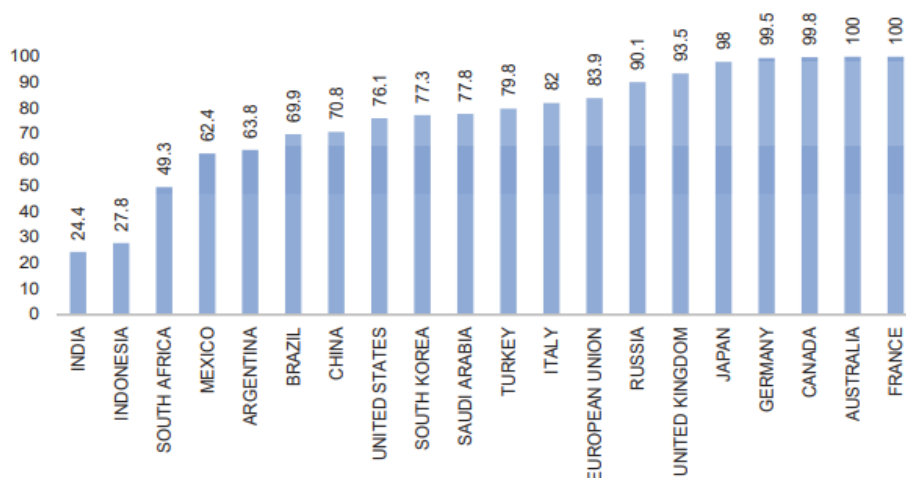
Coming to the G20 countries, in most of the G20 countries, social protection systems serve the large majority of workers in formal employment. These systems need to be better adapted to also serve the needs of those in informal employment. The workers in the informal sector face challenges with regard to employment, earnings, working hours, occupational safety and health, social security

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²ILO (2021) World Social Protection Report 2020–22, International Labour Office, Geneva. https://www.ilo.org/wcmsp5/groups/public/@ed_protect/@soc_sec/documents/publication/wcms_817572.pdf

coverage, training, and access to the fundamental principles and rights at work, including the right to representation at the workplace. These multiple challenges call for a mix of policy responses to fill regulatory gaps and to improve the quality of non-standard jobs, with a view to remove or mitigate decent work deficits. Effective and inclusive social protection policies and legal frameworks are a prerequisite for decent work for all workers, including those in the informal sector.³

Effective Social Protection Coverage in the G20 economies (% of population)



Source: taken from ORF Occasional Paper, Issue No. 386

Among the G20 states, there are large variations in the financing of these social security programmes. Other than the EU, most developed countries have lower state involvement in the financing of social security, with these being mainly contributory schemes and the responsibility being borne by the employer and the employee themselves. In contrast, developing countries have a larger share of State-sponsored schemes. For example, Brazil has significant involvement in social security provisioning for its workers and South Africa adopts a mixed approach—with some schemes such as the Skill Development being sponsored by employees, while others, which are targeted directly at the vulnerable sections of the population, are sponsored by the state. India, too

³ILO (2017) World Social Protection Report 2017-19: Universal social protection to achieve the Sustainable Development Goals. International Labour Office, Geneva.

follows a mix approach whereby some benefits like health are publicly funded, and others like old age benefits involve contributions.

Recognising the importance of these challenges, the G20 Ministerial Declaration of 2017 “Towards an Inclusive Future: Shaping the World of Work”, committed to “shaping the future of work by harnessing opportunities of structural change for new and better jobs and reducing risks through a focus on policies for skills development, effective social protection for all, and job quality” and identified “gaps in social protection resulting in part from the rise in non-standard forms of employment and the growing platform economy” (G20, 2017, paras 3 and 6) as one of the critical challenges that require an effective response. These deliberations also build on the *G20 Policy Recommendations for Promoting More Equitable and Sustainable Social Protection Systems*, adopted in 2016 (G20, 2016), as well as the *G20 Framework on Promoting Quality Jobs* (G20, 2015). The 2017 G20 Ministerial Declaration recognizes “a growing need for policy solutions and coordination to ensure access to appropriate social protection for workers in all forms of employment and work arrangements, so that workers are supported to manage risks and adapt to different to different circumstances as the labour market continues to change” (G20, 2017, Annex A). In particular, the Declaration calls for further action to “promote non-discrimination and equal treatment in social protection systems amongst all different contractual arrangements including non-standard forms of employment” and to “consider the introduction or strengthening of elements in social protection schemes to facilitate job mobility by supporting the portability of benefits and entitlements across different jobs, different types of employment, as well as periods out of employment” (G20, 2017, Annex A).⁴

Social protection was also high on the agenda of the G20 Employment and Labour Ministers meeting 2021 in Catania, Italy. The need to strengthen institutional capacities was highlighted in the Ministerial Declaration, including new G20 Policy Principles on social protection. It focussed on dealing with a global crisis and ensuring an inclusive recovery from the pandemic and stressed that

⁴G20, 2017. Towards an Inclusive Future: Shaping the World of Work, Ministerial Declaration, G20 Labour and Employment Ministers Meeting, Bad Neuenahr, 18-19 May 2017. G20, Hamburg.

G20, 2016. Innovation and Inclusive Growth: Decent Work, Enhanced Employability and Adequate Job Opportunities: G20 Labour and Employment Ministerial Meeting Declaration, Beijing 12-13 July 2016. G20, Beijing.

G20, 2015. G20 Framework on Promoting Quality Jobs. Toronto.

it must be a priority to reinforce social protection policy and implementation in order to realise an inclusive recovery from COVID-19 and be prepared for a future crisis.⁵


In most countries, a combination of social insurance and tax-financed social security schemes represent the principal mechanisms for ensuring social protection of workers in both standard and non-standard forms of employment, in particular by ensuring their income security and access to health care through collectively financed mechanisms. Despite the challenges, social insurance is the main mechanism of support for formal workers and it also provides an important social protection mechanism for workers in non-standard employment. Such coverage is particularly important as it is not linked to a specific employer.

Measures aimed at guaranteeing a form of social protection regardless of type of employment close coverage gaps and reduce the need to track entitlements across jobs for particularly low wage earners. Some social protection benefits – such as health protection, child benefits and parental leave – are already universal in many OECD countries. In some countries, means-tested income replacement payments to low-income households, such as in Australia and New Zealand, can also close coverage gaps, but tracking self-employment income and dealing with highly fluctuating earnings remains a challenge.

National strategies should aim at establishing the right mix of non-contributory and contributory mechanisms suited to the national circumstances with a view to securing coverage all workers, while giving special consideration to the needs of workers in non-standard forms of employment. Inevitably, contributory social protection mechanisms are linked to employment in some form or another, either through an explicit link to economic activity as an employee or a self-employed person, or, implicitly, on the assumption that contributory capacity equates to a certain level and regularity of income (ILO, 2016⁶). Therefore, workers with contributory capacity, including those in NSE, should in principle be covered, with necessary adaptations, by contributory mechanisms, such as social insurance, as to secure adequate levels of protection and meeting their needs.

⁵G20, 2021. Fostering an Inclusive, Sustainable, and Resilient Recovery of Labour Markets and Societies, Catania, Italy, <http://www.g20.utoronto.ca/2021/210623-labour.html>

⁶ILO, 2016 Non-standard forms of employment: understanding challenges, shaping prospects. International Labour Office, Geneva.



Non-contributory tax-financed mechanisms should however also be implemented in parallel to contributory ones, in order to secure that all in need of protection can benefit from at least basic social security guarantees throughout the life-cycle based on equitable and sustainable financing mechanisms.

In the absence of such a comprehensive approach for providing social protection based on the principle of social solidarity, the State would not be adequately fulfilling its overall and primary responsibility to build and maintain a comprehensive social protection system. As a result the future of work would lack an important component allowing it to remain decent and equitable.



Effective and inclusive social protection policies and legal frameworks are a prerequisite for decent work for all workers, including those in informal economy. These could include:

- adapting existing protection mechanisms to ensure coverage of all workers including part-time or temporary workers by, for instance, eliminating or reducing thresholds on minimum hours, earnings or duration of employment so that workers in non-standard arrangements are not excluded from under coverage; considering that such thresholds can encourage the use of “cheaper” unprotected forms of employment, thus creating protection gaps for workers and unfair competition for enterprises, also with a view to preventing the informalization of employment and fostering transitions from the informal to the formal economy (ILO, 2016; OECD, 2018); ⁷
- making systems more flexible with regard to contributions required to qualify for benefits, including by allowing for interruptions in contribution records;
- enhancing the portability of benefits between different social security schemes and employment statuses;
- guaranteeing a nationally-defined social protection floor providing at least basic social security guarantees to all in need of such protection as part of national social protection systems;
- adapting (un-)employment insurance schemes to respond to the contingences specific to workers in NSE;
- making full use of ICT to integrate data and information management to support new initiatives by social protection administrations (GIZ, 2017).⁸ OECD countries (e.g., Belgium, Estonia, Italy, New Zealand, UK and Norway) have recently adopted one-stop-shop solutions in the provision of benefits and services. The positive effects of these initiatives are multiple: lowered payments of undue benefits, both strengthened and streamlined collections, increased transparency and stronger accountability of systems. Other examples include Turkey’s Integrated Social Assistance Information System, a

⁷ILO, 2016. Non-standard forms of employment: understanding challenges, shaping prospects. International Labour Office, Geneva.

OECD, 2018. The Future of Social Protection: What Works for Non-Standard Workers? Organisation for Economic Co-operation and Development, Paris.

⁸GIZ, 2017. Integrated Public Service Delivery for Social Protection: International Experiences with Single Window Services (SWS). Gesellschaft für Internationale Zusammenarbeit, Eschborn.

process management and information system for carrying out a full range of social assistance procedures -- applications, enquiry, delivery and monitoring. Recourse to systems of unique identification number and unified contribution collections has been marked across Latin America countries. (OECD, 2017)⁹. Moving forward, it is important that registries are inclusive and collect information from all and are not just narrow targeted to the poor;

- adapting, as required, labour market institutions to the changing work environment, by fostering improvements in working conditions, skills development, employment relationships and collective bargaining while at the same time encouraging employers to seize the opportunities offered by innovation;
- properly coordinating social protection policy with other public policies so as to help workers manage risks and better accommodate transitions in their working lives; these include broader policies that support full employment, as to ensure sufficient decent employment opportunities for those who want to work, by directing macroeconomic policy to this objective as well as by instituting public employment programmes when needed.

II. Session Objectives

There is a need for fostering an inclusive, sustainable and resilient social protection systems by taking into account the Social Protection Floors Recommendation, 2012 (No. 202) of the International Labour Organization (ILO). This approach can support an inclusive universal social protection system, leaving no-one behind. Furthermore, there is a need to discuss *access to adequate social protection for all in a changing world of work*. Discussion should also focus on strengthen institutional capacities, improving the accessibility of contributory systems and ensuring effective benefits and services to eligible people. There is a need to develop a sustainable social security system based on contributory systems and social protection floors and having adequate, inclusive, sustainable, effective, and accessible to all, which would go a long way in ensuring universal social security and transitions from the informal to the formal sector.

III Issues for for discussions

⁹OECD, 2017c. Enhancing social inclusion in Latin America: Key issues and the role of social protection systems. Organisation for Economic Co-operation and Development, Paris.

During the discussion, the members discuss the following issues:

- (1) Establishing and maintaining social protection floors for all in need,
- (2) Adapting social protection systems to ensure that all workers, including those in NSE, benefit from adequate levels of protection,
- (3) Integrating social protection into the broader public policy responses aimed at ensuring decent work and job quality,
- (4) Covering NSE through social insurance and collectively financed social protection mechanisms ,
- (5) Harnessing tax-financed mechanisms for guaranteeing at least a basic level of social security to workers in NSE,
- (6) Combining taxes and contributions in building comprehensive and inclusive social protection systems ,
- (7) Creating a level playing field for workers in different forms of contracts by reducing fragmentation and enhance coordination between schemes,
- (8) Ensuring that social protection entitlements are portable and transferable between employment statuses,
- (9) Ensuring social protection for workers in the digital economy through adapted mechanisms,
- (10) Facilitating labour mobility through effective portability of social security rights for international migrants.

IV Expected outcome

The L20 will deliberate on developing innovative policy framework for universal social security coverage.