

Improving access to social protection for the self-employed in the EU

State of play and possible policy reforms

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Table of contents

Context and acknowledgments	4
Summary	5
1 Introduction	9
2 Facts and figures	10
3 Formal coverage and kinds of protection gaps	14
3.1 Gaps due to the categorical approach of protecting professional groups.....	14
3.2 Gaps related to professional income: earned income can be considered too low to allow protection to be organised, but also so high that the self-employed are allowed to opt out of statutory protection	16
3.3 Protection gaps emerging because of the difficulty of organising protection for the self-employed	16
4 Extending coverage: lessons from recent reforms by EU Member States	17
4.1 Introducing the self-employed into the (more) general protection arrangements.....	17
4.2 Addressing thresholds that exclude self-employed people	20
4.3 Adapting the risk to the specificity of the self-employed	22
5 Lessons from reviewing policies in relation to the extension of coverage	26
5.1 Dependent self-employed and non-dependent self-employed people: a new dichotomy?	27
5.2 Looking for the employer in the self-employed work relation	29
5.3 Protection in relation to unemployment, sickness and accidents at work for self-employed people is possible if enough attention is given to the specific work situation of the self-employed	30
5.4 Voluntary protection – a possible way for extension; mandatory protection where appropriate	31
5.5 Extending coverage and mobility	32
5.6 Lowering thresholds, universalising protection and broadening the income concept for financing	33
6 Concluding observations	35
References	36
Annex 1 – Coverage (voluntary/mandatory) for sickness, accidents at work and unemployment..	39
Annex 2 – Take-up of voluntary insurance for self-employed people	41
Annex 3a –Typology of social protection/security systems for self-employed people	42
Annex 3b – Categorical approach: distinction and coverage by general scheme or specific schemes	43

Context and acknowledgments

This paper was prepared for the High-level meeting on ‘Improving access to social protection for the self-employed in the EU’ organised by the European Commission on 1 June 2022 and complemented afterwards on the basis of the discussion during the event, which gathered representatives of EU Member States, social partners, EU institutions and international organisations.

The author would like to thank the following persons who made the development of this report possible, either by giving support in preparing the report and/or by commenting extensively on draft versions: Charlotte Bruynseraede (Institute of Social Law, KU Leuven), Laurent Aujean and Barbara Lipszyc (European Commission, DG Employment, Social Affairs and Inclusion), and Eric Marlier (LISER; ESPN Project Director), as well as Nicole Fondeville and Gisèle Uwayezu (Applica). The author would also like to thank the participants at the meeting for interesting exchanges.

The sole responsibility lies with the author of the document and neither the Commission nor any person mentioned above is responsible for any use that may be made of the information contained therein.

Summary

The European Pillar of Social Rights states that all workers and the self-employed should have access to social protection (Principle 12). In 2019, EU Member States adopted a Council Recommendation on *Access to social protection for workers and the self-employed* to put this principle into practice. In this paper, the formal access of self-employed people to social protection schemes is analysed, within the framework of this Recommendation. The focus is on the extension of coverage for self-employed people and the challenges this may bring.

The outcomes of the first monitoring process relating to this recommendation taught us, among other things, that **self-employed people still face major social protection gaps**, especially in relation to the income-replacement risks of accidents at work, unemployment and work incapacity (sickness in particular). At the same time, the growing flexibilisation of the labour market has not affected the total share of self-employed people, which has remained stable during the last 25 years (around 14% of the workforce); however, **the composition of the self-employed has changed, showing a decreasing trend in the number of self-employed people having businesses with employees and an increasing trend in the number of solo self-employed people**. Approximately 68.3% of the 27 million self-employed people in the EU were solo self-employed in 2021¹. From material deprivation data, we can see that the number of working poor grew in particular among solo self-employed people between 2007 and 2019 (De Becker *et al.*, 2022, p.49). Moreover, recent comparative research on the working poor (Horizon 2020 *WorkYP* project), which was conducted in seven EU Member States – Germany, Italy, Poland, the Netherlands, Belgium, Luxembourg and Sweden – showed that **1 out of 5 solo self-employed people were working as economically dependent self-employed people**: this means that they had only one client, or a dominant client, in the previous 12 months. Taking into account this changing composition of self-employed people, the objective of comprehensive access to social protection schemes is even more defensible.

In 2021, there were **formal coverage** gaps for at least one group of the self-employed in at least one branch of social protection in 19 Member States. The branch where formal access is lacking for the largest number of Member States is unemployment benefits (13), followed by benefits in respect of accidents at work and occupational diseases (nine) and paternity benefits (six). Sickness benefits are not accessible for at least one group of the self-employed in four Member states and only voluntary coverage (mostly through an opt-in system) is accessible in half (13) of the Member States. With regard to old-age benefits and invalidity benefits, no Member State reports a lack of formal access for the self-employed; but (at least) some groups of them have to opt in in order to have access (or can opt out), in nine Member States as regards old-age benefits and in four Member States for invalidity. In some cases, voluntary access relates to supplementary schemes on top of the mandatory one.²

The **protection gaps that persist are mainly due to:**

- the categorical design of social protection systems covering different groups of self-employed people (the self-employed are covered in several categorical sub-systems);
- the income thresholds that are used to access the schemes; and/or

¹ Eurostat, Labour Force Survey, LFSA_EGAPS_custom_2659278 (<https://ec.europa.eu/eurostat/databrowser/bookmark/7cfe85d8-206b-434a-beb9-e035c6fe17cb?lang=en>).

² See framework designed by the Social Protection Committee (SPC) and the European Commission for the monitoring of the implementation of the Recommendation (European Commission, 2021).

- the traditional work-related nature of some of the income-replacement schemes, characterised by conditions that strongly reflect the labour contract relationship between an employee and an employer (dismissal, accidents at the workplace of the employer, etc.).

As to the categorical approach of social protection, however, we **notice a tendency toward generalising protection**, by merging protection schemes into more general (workers') schemes, as can be seen in Greece and France (for example), and even more so in the past in Luxembourg and Portugal. This merging into larger systems facilitates an extension of social protection, leading to a standard and equal level of protection being guaranteed to all working groups (self-employed and employed³); among other things, it may open up schemes traditionally reserved for employees to self-employed people (such as those for unemployment, sickness and accidents at work).

However, by the same token **a new categorisation starts to take place, differentiating between self-employed and (economically) dependent self-employed people – the latter referring mainly to self-employed people working for one (or a dominant) client**, which sometimes is the legal entity that self-employed people created themselves and for which they work ('holders of a limited liability company'). Compared with traditional self-employed people, dependent self-employed people are more often integrated into general (wage-earner) schemes⁴ or, alternatively, in hybrid in-between schemes that provide more extensive (wage-earner inspired) coverage than the one in place for traditional self-employed people.⁵ Regardless of these extensions to cover dependent self-employed people, **protection levels are in the end not at the same level as those for wage-earners**. Moreover, most of these schemes are only available on a voluntary basis; however, as dependent self-employed people face restricted means, take-up levels remain low (see examples in Annex 2).

Protection gaps can also be due to income thresholds that are applied within systems – minimum income levels that have to be reached in order to be covered by social insurance. **Due to the flexibilisation of the labour market, the number of small jobs and marginal activities has structurally grown over recent decades, with the most notable increases being in the aftermath of the financial crisis of 2008** (Eurofound, 2020). The growth of the digital platforms economy has given this evolution a further push; hence **the question of whether or not to incorporate 'minor activities' in social protection schemes has become even more pressing**. In a reaction designed to include, and keep these self-employed people integrated in social protection systems, Member States have lowered minimum thresholds, introduced mini protection schemes and/or reduced the administrative burden involved in becoming affiliated. Reducing thresholds often goes hand in hand with lower protection levels and/or a growing number of **voluntary schemes; with regard to the latter, take-up rates remain low among self-employed people on low incomes, in particular**.

³ Self-employed people may still face difficulties in accessing social protection due to unfavourable minimum insurance (contribution) records or reduced entitlement periods (problems of effective access). See, for example, the case of Portugal, where these issues persist despite efforts to extend formal coverage to self-employed people (OECD, 2022, p.26).

⁴ At least where dependent self-employed people are interpreted in the broad sense referring to groups of self-employed who are economically weak – either because they work for a dominant client, work for a dominant client who determines their working hours, and/or have low income levels for structural reasons. Most of the time, the extension of protection is partial; but in some cases it can relate to full integration, such as in Belgium in relation to artists.

⁵ For example in Italy, where economically dependent self-employed people (para-subordinate workers) are subject to a special hybrid scheme in which they enjoy more extensive protection than traditional self-employed people but not as extensive as that of employees.

Finally, **gaps are due to the specific working situation of the self-employed: the original entitlement conditions for schemes covering unemployment, sickness and accidents at work were designed with subordinate wage-earners in mind. Hence these conditions need to be redeveloped, so as to better reflect the specific work situation of the self-employed.** Although this seems to be a challenge, a growing number of Member States have started to do so (e.g. for unemployment, the dismissal of workers is reconditioned around the final closure of the business for self-employed people; involuntary unemployment may be defined on the basis of the reason for closure / kind of bankruptcy, etc.). By the same token, some Member States try to differentiate as little as possible between groups of workers (e.g. conditions are not expressed in terms of days of work but rather of income levels), facilitating the application of the schemes to a growing number of situations where people combine professional activities (at the same time and/or over time).

From the national practices and in the spirit of (Article 8 of) the Recommendation on access to social protection, the following suggestions concerning the way forward can be made when extending social protection to self-employed people.

- **Some schemes or rules can be extended from workers (wage-earners) to self-employed people by analogy, without too many adaptations, as their working environments are comparable.** In particular, where **dependent self-employed people** have one (or a dominant) client, their work situation is very comparable to that of wage-earners; this is even more true for dependent self-employed people who are actually engaged in nothing more than ‘bogus’ self-employment. Entitlement conditions built around the employer (in particular in relation to schemes such as unemployment and work incapacity, but also in relation to financing) could be applied by analogy to the (dominant) client(s).
- When extending protection, regulations typically applied to wage-earners can sometimes be adapted to the work situation of the self-employed. **In some situations, client(s) of the self-employed may have a similar function to that of employers, for example for the co-payment or direct deduction of contributions, or for the payment of benefit.** We already have examples of these practices in some of the established social security schemes for artists or liberal professions. But the platform (in relation to self-employed platform workers) or the legal entity (in the case of self-employed holders of limited liability companies) could also bear similar responsibilities.
- Where **necessary the design of protection in relation to the specific work situation (labour status) of self-employed people could be adapted to include them more swiftly in social protection schemes;** this would best be done by distinguishing between the basic rules (which are neutrally formulated in relation to labour status) and the application rules (which can be tailored to the work situation of the self-employed).
- **Voluntary protection can play a role in a further extension of social protection, but we have to be aware that due to the redistributive function of social security, it faces some intrinsic limits –** both in relation to low-income self-employed and dependent self-employed people, and also in relation to those on higher incomes (as they have to be given an interest in participating in social protection schemes). Voluntary insurance schemes could help further extend protection across all forms of self-employment, mainly in a supplementary and residual manner. Voluntary insurance can be a way of introducing to social protection those self-employed people who happen to have stayed outside the general protection system. This approach can, at least, be justified when the number of people in these groups remains restricted, whereas otherwise compulsory protection is likely to be a more efficient way forward.

- **Lowering thresholds to expand protection does not exclusively relate to income; it can also be effective in reducing the complexity of the administrative burden of qualifying for social protection.**

Expanding social protection by **universalising** is a relevant track to follow, especially in relation to low-income groups. However, there are some limits too. The social protection will have to be fundamentally rethought: rather than guaranteeing replacement of lost income, universal social protection would be geared to safeguarding citizens from an absence of income. Moreover, universal systems will only function optimally if the number of low-earners or people with low income is limited; like professional systems, they need a strong financial basis. By the same token we have to reflect upon the need to broaden the sources of income that serve as the contributory or tax base. Exploring new approaches (additional revenues, new financing mix) is as valid here as it is in more traditional social insurance schemes that are based upon professional activities. With regard to the last element, we may touch upon the need to define the income base broadly enough for whatever kind of social protection is envisaged (professional or universal). The ways in which people raise income on which to live are much more diverse than 50 years ago. Slowly we may have to shift our social protection systems from work-related income protection to overall income protection. This would mean that systems would start to take into account more sources of income than just the traditional professional income (e.g. income from rent; or even capital).

1 Introduction

Improving access to social protection for self-employed people is an important objective in the EU social agenda (Principle 12 of the European Pillar of Social Rights; 2019 Council Recommendation on access to social protection). However, the monitoring process relating to the EU Recommendation taught us at an early stage that some significant protection gaps still persist among self-employed people (Social Protection Committee, 2021, p.68ff).

Extending social protection coverage to self-employed people is indeed a social policy challenge that quite a few Member States of the EU struggle with (Schoukens and Bruynseraede, 2021, pp.27-42), especially for professional income-replacement schemes. Originally, these schemes were designed with the traditional standard worker ('wage-earner') in mind (Barrio and Schoukens, 2017, p.327ff). Organising social protection coverage for self-employed people, against risks such as unemployment, sickness and accidents at work, essentially involves a fundamental rethinking of schemes, mainly due to the absence of an employer. The latter plays an essential role in the design of the entitlement conditions for the schemes referred to, whereas self-employed people work independently rather than in a subordinate relationship to their client(s) or contractors (employers). Consequently, social protection schemes for self-employed people have to reflect this autonomous position (Schoukens, 2019 and 2020a). Extending formal coverage to self-employed people will thus also mean giving enough reflection to the concrete design of the entitlement conditions. Although the focus of this paper is on formal access, inevitably we will touch upon the improvement of effective protection.

Apart from the need to design specific entitlement conditions, there is also a financial challenge in guaranteeing access to protection for self-employed people with low incomes (Schoukens, 2020b). For some self-employed people, their income may be considered too low for them to be incorporated into the social protection system. How can adequate protection be guaranteed to a group of workers characterised by low professional incomes, close to the official poverty line? (De Becker *et al.*, 2022). It is one of the most difficult challenges facing us when seeking to extend social protection coverage to all. The problem of inadequate (levels of) professional income is for many Member States a growing concern and can be partially attributed to an increasing number of solo self-employed people (self-employed without employees), some of them working in a dependent economic position, including some in so-called 'bogus self-employment' (which is mainly a sub-group of dependent self-employment).

In this paper, the formal access of self-employed people to social protection schemes will be further analysed. This will be done within the framework of the Council Recommendation on access to social protection – specifically starting from Article 8 (formal access), which reads as follows: "*Member States are recommended to ensure access to adequate social protection for employed persons in respect of all branches [...] of this Recommendation. In light of national circumstances, it is recommended to achieve this objective by improving the formal coverage and extending it to:*

- a) *all workers, regardless of the type of employment relationship, on a mandatory basis;*
- b) *the self-employed, at least on a voluntary basis and where appropriate on a mandatory basis."*

The focus will be on the extension of coverage for self-employed people and the challenges this may bring. We will build upon: the reports of the previous workshops on mutual learning on access to social protection for workers and self-employed people;⁶ the first EU monitoring framework (European Commission, 2020) and its 2021 update; the annual review reports of the Social Protection Committee (Social Protection Committee, 2021); and recent literature or reports that have analysed the topic of (formal) access to social protection for self-employed people (Avlijas, 2020; and De Becker *et al.*, 2022).

We start (Section 2) by giving some recent figures for the number of self-employed people in the EU, the extent of social protection (number/share of protected self-employed people), and the proportion of self-employed people (still) working in poverty. In Section 3, we introduce the social protection gaps and highlight their characteristics. In Section 4, we focus upon recent activities undertaken and policy plans developed by Member States to address the protection gaps for self-employed people. Finally, in Section 5, we draw conclusions as to what kind of policies could be developed to extend social protection coverage for self-employed people, and highlight some of the consequences of such policies for social security at large.

2 Facts and figures

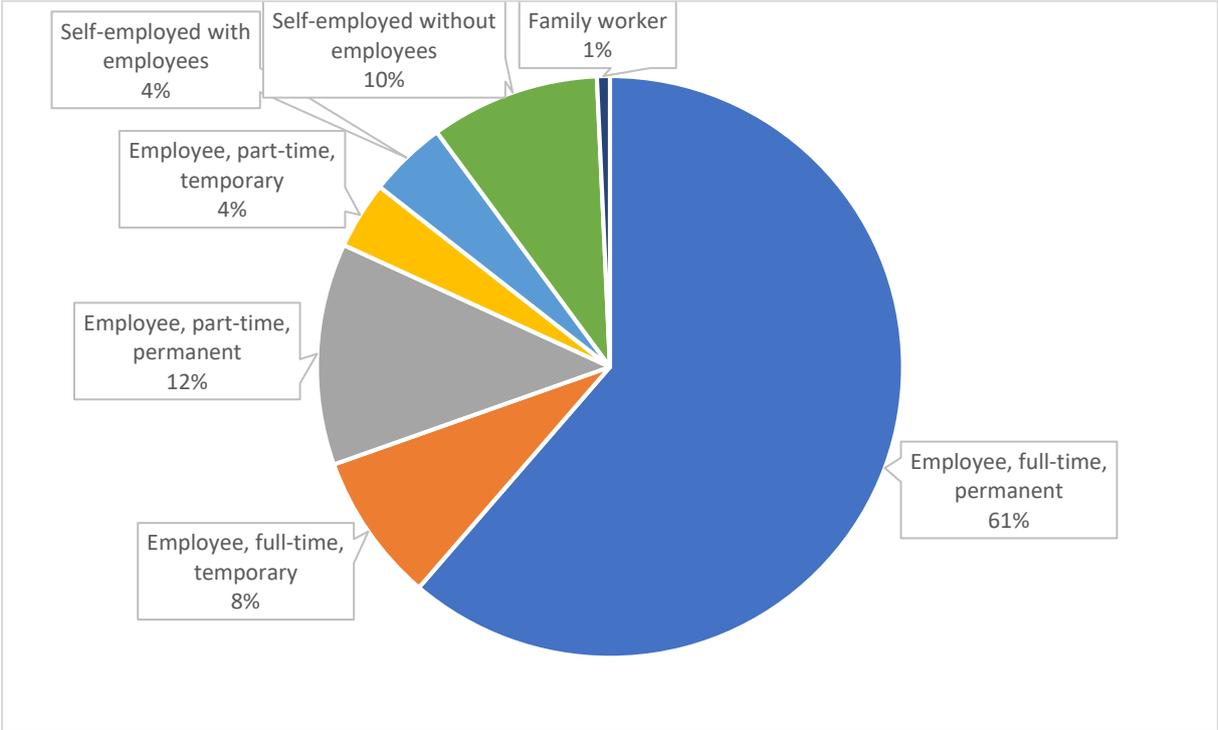
Although self-employed people are one of the groups associated with the growth of atypical work forms, the overall number and share of self-employed people across the EU have remained stable over the last 25 years. The general proportion of self-employed people has stayed at the same level over the last couple of decades, averaging out around 14% of the population in employment throughout the EU (Vanhercke, Ghailani and Sabato, 2018, p.98). In 2021 (most recent data available), this share was 14.4% (see Figure 1).

However, there is a shift in the form of self-employed activity. Although this may not appear in a similar way across all Member States, the number of self-employed people with employees tends to decrease, while the number of solo self-employed people tends to increase. Approximately 68.3% of the 27 million self-employed people in 2021 in the EU were solo self-employed. Moreover in 2017 (latest year available), out of these self-employed people without employees, 20.2% had had one client (or a dominant client) in the previous 12 months (De Becker *et al.*, 2022, p.16). Because they largely depend on one client, they are referred to as (economically) dependent self-employed people. Within this last group (5 million self-employed people without employees having a dominant client), 23.4% declared that the client(s) had control over working time (De Becker *et al.*, 2022, p.16)⁷. Solo self-employed people in the selected EU Member States seem particularly vulnerable to in-work poverty (Horemans and Marx, 2017, p.4). In a recent Horizon 2020 project on the working poor, focusing among other groups on solo self-employed people, the following figures were collected for the EU Member States that were part of the comparative report (Belgium, Germany, Italy, Luxembourg, Poland, Sweden and the Netherlands).

⁶ Respectively on extending formal coverage (November 2019), effective coverage (January 2020), adequate coverage (March 2020) and transparent coverage (September 2020). See also for an integration of these reports: Schoukens and Bruynseraede, 2021.

⁷ If we apply this stricter definition (dependent self-employment where the client controls the working time) the overall number of dependent self-employed people is somewhat smaller: 805,700 in the EU-27 in 2017 – representing 2.8% of the approximately 29 million self-employed people at the time (and around 4% of all solo self-employed people).

Figure 1: Share of employees and self-employed people in the EU as a percentage of the population in employment, labour market status, 15-74 years old, 2021



Source: Labour Force Survey 2021, Eurostat

Share of solo self-employed people, in-work poverty risk and severe material deprivation among solo self-employed people in selected EU Member States

	BE	DE	IT	LU	PL	SE	NL
Share of solo self-employed people (% of professionally active population)	7.8%	5.3%	13.5%	2.3%	14.3%	6.1%	13%
At-risk-of-poverty (AROP) rate	15%	24.6%	18.6%	13.6%	28.9%	24.3%	14.3%
Severe material deprivation (SMD) rate	1.8%	2.2%	5.7%	0.5%	1.8%	0%	1.4%

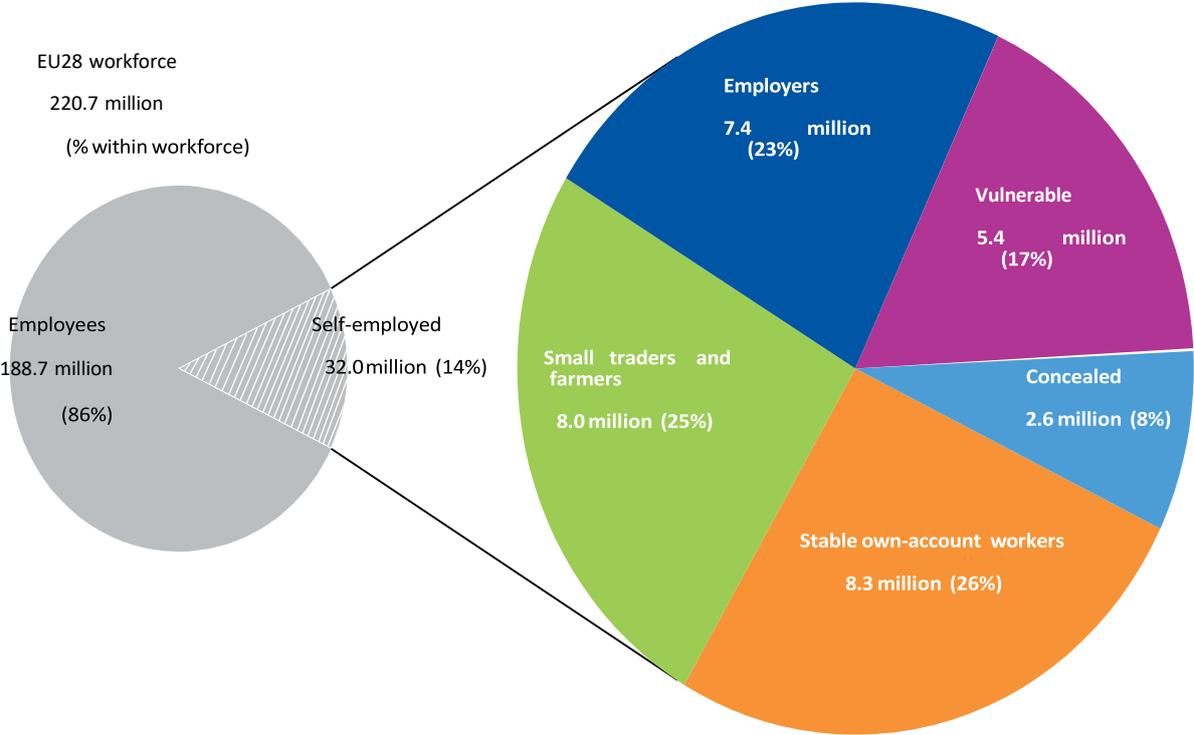
Source: De Becker et al., 2022, p.18 (computed by Vincent Vergnat on the basis of 2019 EU-SILC data, Eurostat).

Note that these data show an important difference between the rate of (income-related) in-work poverty (those with an equivalised income below the poverty threshold – i.e. 60% of the national median income) and the severe material deprivation (SMD) rate for self-employed people. While the at-risk-of-poverty (AROP) rate is higher for self-employed people than for employees, their SMD rate fluctuates around that of employees. The difference between (income-related) in-work poverty and the SMD rate for self-employed people has also been cited in previous research (Horemans and Marx, 2017). Here it is acknowledged that: “Data on self-employed income have to be approached with caution: income is defined differently across the EU and is not always understood in the same way by the self-employed and the legislator. Accounting practices and tax regulations make it difficult for self-employed to provide an accurate estimation in surveys. In addition, the self-employed tend to be less likely to respond to income surveys. Their income variables are subjected to higher levels of item non-response as well as under reporting.”

However, an important point to note is that for self-employed people without employees the level of material deprivation has increased over the years (period 2007-2019), and in 2019 reached the same level as that for employees (De Becker *et al.*, 2022). In that regard, Horemans and Marx have previously noted that the socio-economic position of the self-employed thus clearly differs according to whether or not they employ additional workers themselves, which would be more common in successful businesses (Horemans and Marx, 2017, p.16). Among solo self-employed people, the economically dependent self-employed find themselves in an even more vulnerable position, as they largely depend on one client. It is important to keep that in mind as their number increases. In Slovakia, Cyprus and the Netherlands, for instance, their share among self-employed people in 2017 was, at 9.9%, 7.3% and 5.3%⁸ respectively, not negligible.

The self-employed are not an homogenous group. Based upon a European Working Conditions Survey (Figure 2) the diverse groups of self-employed people were brought together in five clusters (Eurofound, 2017), as follows: employers (self-employed people with large businesses, employing personnel and having several clients); stable own-account workers (self-employed people without personnel, who are economically and operationally independent, having several clients); vulnerable self-employed people (self-employed people with low earnings, economically dependent upon one client or on a dominant client); concealed self-employed people (self-employed people having little discretion in how they organise their work); and finally small traders and farmers (traditional self-employed groups active in trade or farming).

Figure 2. Clusters of self-employed people, EU 28



Source: Eurofound (2017), based on the EWCS.

⁸ Using the strict definition of dependent self-employment (where working hours are controlled by the client).

Half of the self-employed (2018; EU28) belong to the clusters of employers and stable own-account workers. These groups work independently and enjoy greater powers of decision over their work, are engaged in economically more viable and sustainable activities, and normally turned to self-employed activities out of choice (Eurofound, 2017). Together with the cluster of traders and farmers, they are considered to belong to the traditional groups of self-employed people, characterised by the fact that they take autonomous decisions on work and working hours, and are economically independent by virtue of having a relatively large number of clients. Unlike ‘employers’ and ‘stable own-account workers’, the working conditions of ‘small traders and farmers’ (amounting to 25% of all self-employed people) show a more diverse picture. People in this last cluster tend to be economically independent and work autonomously, but find it hard to maintain their activities; they sometimes find the fact that they have to bear the responsibility of running a business problematic (Eurofound, 2017); this is partially due to the high work intensity to which they are subject (long working weeks as reported by them).

Vulnerable self-employed people are mainly characterised by the precarious financial situation in which they work (low earnings); often they are economically dependent upon a dominant client and show little work autonomy. They experience overall unfavourable working conditions. Concealed self-employed people face similar unfavourable work situations and are also often low-income earners; moreover, they have little discretion in organising their work (coming close to the legally subordinate work relationship that is typical of employees, without having the same social protection). Two-thirds in this group are even paid on a weekly or a monthly basis. Taken together, vulnerable (17%) and concealed (8%) self-employed people account for a quarter (25%) of all self-employed people.

Higher-level incomes are mainly to be found among self-employed ‘employers’ and ‘stable own-account workers’, whereas lower incomes are found among the ‘vulnerable’ and ‘concealed’ self-employed groups. In the case of ‘small traders and farmers’, the picture in relation to income levels is mixed.

As to protection gaps, the following figures can be provided in summary⁹. These data are lower-bound estimates, as not every Member State was able to provide numbers on formal coverage.¹⁰

- For unemployment benefits, 13.9 million self-employed people (in nine out of 12 Member States with a lack of coverage) lack coverage.
- For sickness benefits, 1,660,000 self-employed people (in two out of four Member States) lack coverage.
- For paternity, 4.4 million self-employed people (in three out of six Member States) lack coverage.
- For benefits in respect of accidents at work and occupational diseases, 2,713,000 self-employed people (in six out of eight Member States) lack coverage.

Moreover, in addition to lack of protection, self-employed people have optional coverage (through opt-in or opt-out systems) for a number of branches in many EU Member States, often leading to low take-up rates (see Annex 2).

⁹ See for comparable data the recent OECD report on de facto gaps in social protection for standard and non-standard workers (OECD, 2022, 12-13 and Figure 2).

¹⁰ These data come from the Commission/Social Protection Committee 2021 update of the monitoring framework on access to social protection.

Protection in respect of accidents at work and unemployment is the major challenge for self-employed people. In 2014, around 13% of the working population were not entitled to unemployment protection; of those, 62% were self-employed (Avlijas, 2020, p.14). A number of Member States (e.g. Greece and Cyprus) even reported a rate of 85% of self-employed people being at risk of not being covered for unemployment benefits. For sickness, 8% of the working population lacked coverage. Of those, 72% were self-employed, and in some Member States (for instance Germany, Italy and the Netherlands) this even amounted to 90% (Avlijas, 2020, p.14). Here, in particular, major efforts will have to be made if we want to extend protection and close the gap in comparison with workers (employees). Not surprisingly, most of the (planned) measures reported in the national action plans submitted during 2021 to implement the 2019 Council Recommendation reflect this ambition to close protection gaps in respect of accidents at work, unemployment and sickness for self-employed people.

3 Formal coverage and kinds of protection gaps

Self-employed people may face gaps in their social protection. However, the kinds of protection gaps may differ markedly across the Member States. They may be due to:

- a) the approach to organising social protection on the basis of categorical systems (protection by professional groups);
- b) the level of income (too low/too high); and
- c) the legal and technical difficulties of organising protection against social risks for self-employed people.

We introduce each of these briefly below, as they may be relevant to the kind of strategies to deploy when the goal is to reach comprehensive social protection for self-employed people.

3.1 Gaps due to the categorical approach of protecting professional groups

Systems for organising social insurance on the basis of a categorical approach split professional groups between different social security systems (see Annexes 1 and 3). This goes beyond the mere division between wage-earners and self-employed people, and addresses the organisation of social security protection on the basis of (traditional) groups of professions, such as workers (sometimes divided even further between blue-collar and white-collar workers), farmers (sometimes combining employed and self-employed farmers in the same system), seafarers (*ibidem*), tradespeople, craftspeople/artists, and liberal professions (often applying a further series of sub-divisions across this group: medical doctors, notaries, doctors, engineers, etc.). The social security protection of self-employed people is, in other words, developed across several categorical systems built around groups of self-employed professions; the protection afforded may be very different in terms of eventual coverage (Schoukens, 2000, p.273).

Across the categorical groups social protection is organised differently, and self-employed groups in particular miss out on protection against certain social risks, most notably short-term work incapacity (sickness), accidents at work and unemployment.

The reasons for this limited protection are not always clear. They are often historically determined and depend on the (policy) decisions taken by the group at the origin of the categorical system. Reduced protection may be due to the restricted financial resources of the social security budget allocated by/to the group for developing extensive protection or vice versa, which may in turn be due to:

- a strong financial capacity on the part of the group, justifying an approach where they can take care of themselves – leading to an opt-out for some risks covered by the general social security scheme (this often applies to groups of liberal professions); or

- the difficulty of organising protection against some risks that were originally organised with employees in mind, and hence cannot be translated into the categorical protection of the group concerned (such as unemployment).

The final protection may even differ strongly across the professional groups of self-employed people, as we can see in (for example) Italy, Greece, Austria, France and Germany (see Annexes 1 and 3).

It is interesting to note that in the case of the (voluntary) extension of protection to self-employed people, this is often organised through the general scheme for employees, which is then opened up to (some) self-employed groups, in particular to those who have an economically weak position or are reducing in number (such as farmers, artists and craftspeople). The extension of general employee schemes in this way is done mainly to generate sufficient means to make the protection of self-employed groups possible. Techniques of further redistribution across the categorical systems may be introduced as well, as for example in France in respect of pension schemes (redistribution based upon the age composition of the group concerned) (Schoukens, 2000, p.273).

In some categorical schemes for self-employed people, we may find (more extensive) protection in respect of risks that are normally difficult to organise against (see further below). This is mainly because the nature of self-employed work facilitates protection against the social risk concerned: it is noticeable that farmers and craftspeople often enjoy protection against accidents at work, as the work they do is mainly manual and hence they are more prone to become the victims of such accidents (compared with e.g. intellectual professions) and are more easily protected against this contingency (Avlijas, 2020, p.24; see also Annex 1).

Lately the categorical division by professional groups has been developing towards greater harmonisation, both in relation to contents and structure. In Member States such as France and Greece, professional groups are increasingly integrated into broader systems where all self-employed people are covered for a standard set of social risks (see below under Section 3). A similar evolution has already taken place in Member States such as Luxembourg and Portugal (Schoukens, 2000, p.272).

However, at the same time a new distinction between self-employed groups has started to emerge across the EU Member States: that between dependent and non-dependent self-employed people. Dependency here refers to the fact that self-employed people are economically and financially dependent upon their client. If they have only one client (or a reduced number of them), they are considered to be economically dependent. Often these self-employed people do not employ workforce themselves and are thus working as solo self-employed people. Due to this dependency and the fact that they work alone, their working situation comes very close to that of employees, albeit that the subordinate relationship is here more of an economic nature. Hence it is more accepted, and by the same token easier in legal and technical terms, to extend protection to them against risks such as unemployment and accidents at work. However, among (dependent) solo self-employed people another problem occurs in relation to their weak financial and economic situation (see below, Section 3.2). Here, as well, protection is more likely to be organised through an extension of the general employee (worker) system.

Another group identified more recently is self-employed people who organise their activities in a legal entity (often with reduced legal responsibility, in order to better protect their private assets and those of family members against claims due to bankruptcy or indebtedness). The self-employed work for their own company, with which they make a contractual arrangement to be remunerated for the work they carry out for the company. In some Member States, this contractual arrangement qualifies as an employment contract; in others, it is a *sui generis* contract and the person remains self-employed.

The work and remuneration arrangements are different from those of self-employed people who work without such a legal structure. The legal entity comes close to the position of an employer in relation to a worker. At the same time, self-employed people organised in a legal entity often combine the position of managing director or board member, and hence (unlike traditional workers) take on managerial tasks. Self-employed people working in legal entities often enjoy greater protections than traditional self-employed people: because they are comparable to workers (as they work for a third entity, comparable to an employer), access to accident at work, sickness and unemployment schemes is more easily granted, at least on a voluntary basis (Avlijas, 2020, pp.19-20).

3.2 Gaps related to professional income: earned income can be considered too low to allow protection to be organised, but also so high that the self-employed are allowed to opt out of statutory protection

In the first eventuality above, the income level is not considered to be secure enough to be covered by a social insurance scheme. More recently, systems have started to use the level of income to determine whether an activity legally qualifies as work: an activity is only considered to be of a professional nature if the income reaches a certain defined minimum level. This evolution has certainly taken place in the case of the emerging groups of ‘persons active on platforms’. If the income stays below the minimum threshold, this work is not considered to be of a professional nature and hence does not qualify for social protection. The evolution of these activities with minimum remuneration has forced some Member States to lower the minimum thresholds or to organise systems of mini-protection for self-employed people with reduced income. The key question here is: at which level is income considered to be sufficient to be taken into consideration for social insurance protection? One should not lose sight of the fact that, unlike employees, the self-employed have to pay their own employer and employee contributions – which is referred to as the ‘double contribution issue’ in OECD, 2022 (on ‘the absence of a third payer’ for the self-employed, see also Schoukens, 2020b). This may burden self-employed people – in particular *‘those with lower earnings, because minimum wages typically do not apply to them or because they may lack the bargaining power to shift any contribution-related costs onto their clients by charging high prices’* (OECD, 2022, p.11).

The income of the self-employed can also be of such a (high) level that they are considered to be capable of organising their own protection. This then translates into either no coverage or the possibility of opting out of coverage (sometimes linked to the condition that they have to provide proof of complementary protection, at least at the same level as that provided by the mandatory scheme: see Annex 2 for some examples, as well as Section 3.3 below). This approach is often applied by ‘stronger’ self-employed groups, especially as part of protecting the pensions of liberal professions (see privatisation of pension schemes for liberal professions in Italy). However, it has a downside too: the social security system loses the contributions of financially strong groups that are necessary to generate redistribution to weaker groups.

3.3 Protection gaps emerging because of the difficulty of organising protection for the self-employed

These difficulties are the consequence of the specific work situation of the self-employed (no employer). The original entitlement conditions for unemployment, sickness and accident at work schemes were designed with subordinate wage-earners in mind. They do not fit well the specific work situation of the self-employed; it is often difficult to test/assess the conditions of the schemes and/or to assess whether the self-employed really suffer a loss of income due to the risks (OECD, 2022, p.11). Hence these conditions have to be redeveloped with the self-employed in mind (Schoukens, 2000).

Consequently, it is a challenge to organise protection against unemployment, sickness (short-term work incapacity) and accidents at work for self-employed people. The schemes cannot simply be opened up to the self-employed, but have to be 'redesigned'. Conditions will have to be aligned to the work situation of the self-employed. Secondly, in the administration of the scheme enough attention will have to be given to the specific situation of the self-employed: controlling whether a business really has ceased to exist is very different from checking the situation under which a labour contract has ended. Apart from creativity in redesigning the legal conditions, the whole administrative application will have to be rethought as well (Weber and Schoukens, 2021, p.19).

4 Extending coverage: lessons from recent reforms by EU Member States

Under the Recommendation, Member States were invited to submit a national plan by mid-May 2021, setting out the corresponding measures to be taken to implement the principles in the Recommendation. In their national plans,¹¹ Member States reported notably on their actions to address problems with formal access. This section highlights some of these measures and policy plans introduced in the last five years, which were grouped according to the typology of protection gaps referred to above. Where relevant, it is indicated whether extension is mandatory/voluntary. A first group of practices is built around the introduction of the self-employed into the more general social protection systems (for professionally active people or employees). This can be done either by introducing self-employed people into the more general system (as a whole or for some schemes); or by applying design rules of protection to self-employed people that are used for employees (e.g. by attributing the traditional social protection functions or responsibilities of the employer to a 'third person' having a legal relationship with the self-employed, such as the client or the legal entity in which self-employed people are organised). A second group of practices focuses on the challenge of low income and the minimum thresholds that are normally applied for entry into the schemes. Here we will highlight which changes have been introduced to address these thresholds conditioning access to social protection. A third group of practices focuses on the adaptations that have been introduced to accommodate the self-employed in the scheme. Here the emphasis is put on the specific rules or techniques that have been deployed to address the specific working situation of the self-employed in the particular scheme.

4.1 Introducing the self-employed into the (more) general protection arrangements

Bringing self-employed groups into the more general systems can involve merging the various categorical schemes into the general schemes for workers (Section 4.1.1) and/or introducing techniques that assimilate elements of self-employed activity into those traditionally in place for the social protection of workers. The position of employers (Section 4.1.2) is of particular relevance here, as some schemes for self-employed people give third parties that contract self-employed people a function in social security similar to that in place for employers (as a structural part of the financing and/or benefit delivery for employees). But, in addition, some assimilations may treat some self-employed groups as similar to employees (Section 4.1.3). This is traditionally the case for groups such as dependent self-employed people, as they work in an economically weak situation which bears

¹¹ Most national plans have been published on the Commission's webpage relating to access to social protection: <https://ec.europa.eu/social/main.jsp?catId=1312&langId=en>

similarities with the weak(er) economic position of workers, who are (for their income) mainly dependent on the work they perform in a subordinate position to an employer.

4.1.1 Towards a cross-categorical coverage in a (more) general professional system

Social security coverage of self-employed workers in Greece and France traditionally consisted of a fragmented approach in which several categories of self-employed people were insured within their own fund. As this created gaps in protection, the categorical design in Greece was abandoned in 2017. With the aim of reducing cross-categorical differences and gaps in social protection, all groups were integrated into the National Social Security Fund (EFKA), a unified social security fund. However, the integration has not been completed yet and a number of gaps remain, in particular regarding sickness benefits and benefits for accidents at work, for which not all groups enjoy the same extent of coverage.

In France, as well, initiatives have been undertaken to harmonise sub-schemes and to integrate the self-employed pension schemes into a more general scheme (from 2018). Even though the specific features of social protection for self-employed people were not touched upon, the integration redefined and aligned benefits to bring them closer to the system for employees (Avlijas, 2020, p.88 and European Commission, 2020, p.182). Until 2017, self-employed people in France were covered by their own separate social security funds. This, however, caused gaps in their access to social protection, as the arrangement lacked transparency, caused administrative mistakes and complicated the functioning of services in general. It was therefore decided to integrate the self-employed social security funds into the general fund for employees. (European Commission, 2022b).

This was undertaken between 2018 and 2020, with the result that the self-employed are now fully covered by the general social security system for workers. Another outcome of the integration of self-employed people into the general system is that it facilitates easier transitions between different professional statuses; compared with the past, changing labour status no longer has negative effects on the social security record.

However, within the general scheme, self-employed people keep their own specific rules in place where needed. Self-employed people are, for instance, subject to different contribution rates compared with employees, and enjoy an adapted level of protection in relation to unemployment and sickness (France's National Plan, 2021).

In order to integrate self-employed people swiftly into the general system, schemes have to remain adapted to the specific work situation of the self-employed. In relation to financing, for example, one has to take into account the fact that self-employed people do not have an employer, and declare their income themselves. Integrating self-employed people into the general system also raises new challenges in relation to benefit schemes – especially in addressing the risks of unemployment, sickness and accidents at work – due to intrinsic differences between the two groups in terms of work situation/relationships (see also Section 3.3 above and Section 4.3 below).

In addition, Sweden faced similar challenges when integrating self-employed people into the second tier of the social security system (i.e. the professional-related schemes); the country has a long standing tradition of organising social security through a universal social protection system. The latter refers not only to schemes covering all residents, but also to the process of providing equal protection to all professionally active people in work-related social insurance schemes. The system comprises in fact two tiers: residence-based benefits and work-based benefits, with important differences between them. Residence-based benefits are limited to a minimum (flat rate) and provide a safety-net against poverty. All residents (those who have resided in Sweden for one year) are included. In general, these benefits are set at a minimum level which, compared with the second (work-related) tier, can be rather

basic; this creates a strong incentive to adhere to the work-based system, which entitles people to much higher benefits. The work-based benefits are open to employees and self-employed workers, without restrictions for the latter to participate in the schemes. However, there are some adaptations in order to accommodate the self-employed better in the work-related tier, essentially in relation to the risks of sickness, accidents at work and unemployment. In 2022, for instance, a new initiative has been launched that facilitates access by newly self-employed people to sickness pay. As the income basis in the start-up period is not yet known and as income may be subject to strong income fluctuations, it has been decided during the first three years not to base sick pay on the previous income but to have it based upon the general average salary that is earned in a similar or comparable company (European Commission, 2022b).

4.1.2 Position of the legal entity as ‘third party’ similar to the position of employer

The possibility for self-employed people to organise themselves in a legal entity and the consequent implications for social security are increasingly being considered; it is often argued that the legal entities involved should be treated as similar to employers. From that point of view, Member States have started arguing that legal entities are therefore required to contribute in a similar way to ‘regular’ employers.

In this respect, Portugal (2020) has taken an interesting approach. Self-employed people who organise their activities in a legal entity (‘holders of a single-member limited liability company’) as well as their co-active (helping) spouses are guaranteed social protection against unemployment. A similar decision has been introduced for economically dependent self-employed people (see below, Section 4.1.3). For single (self-employed) company-holders, the legal entity with which they are contracted is liable to pay the necessary contributions in respect of the risk of unemployment.

4.1.3 Considering ‘dependent self-employed people’ as wage-earners for the application of social security protection (groups comparable to wage-earners)

The vulnerable position of economically dependent self-employed workers and the fact that this group bears a strong resemblance to regular employees is increasingly being recognised.¹² Self-employed people usually do not have a third contributor (an employer) who is liable to pay social contributions and/or levy contributions directly from incomes (wages of employees). Nevertheless, for dependent self-employed people it has been decided in Portugal that the contracting entity should take over part of the responsibility to pay social contributions, in particular to cover the risk of unemployment. Initially a contribution of 5% was requested from the contracting entity if the self-employed person was at least 80% economically dependent on the entity. In 2019, the scope of the system was widened and the contribution rate was increased. Self-employed workers now qualify as economically dependent if they are 50% dependent. Furthermore, the contribution rates were adjusted, making entities liable to pay 10% of the contributions in cases where economic dependence is higher than 80%. If the economic dependence is between 80 and 50%, the contribution rate is set at 7%.¹³

These workers are thus subject to a higher contribution rate than other self-employed workers who are exempted from unemployment protection.¹⁴ Interestingly, the conditions for access to unemployment benefits for economically dependent self-employed people are the same as for

¹² Access to social protection for workers and self-employed – Portugal’s National Plan (2021), p.7.

¹³ Access to social protection for workers and self-employed – Portugal’s National Plan (2021), p.7.

¹⁴ Access to social protection for workers and self-employed – Portugal’s National Plan (2021), p.6.

employees, whereas sole entrepreneurs or holders of a single-member limited liability company (see Section 4.1.1) who are not considered economically dependent are subject to other eligibility requirements, more adapted to the self-employed work environment.¹⁵

Beyond the concrete measures for dependent self-employed people (as referred to above in Portugal), there is a tendency to organise social protection for platform workers (even if they are legally considered to be self-employed) along the lines of that for employees. The justification is that these workers, if they are not already qualified as employees, are considered as economically dependent self-employed people; the platforms where they provide their services are then seen as intermediaries that can take up the role and duties normally attributed to employers (and become e.g. liable for the levy of social security contributions).

In France, for instance, the responsibility of a platform as an intermediary for the contributions in respect of certain social risks is increasingly being put forward as a policy option to increase protection for platform workers. Self-employed workers have the possibility of voluntarily joining the general scheme for accidents at work and occupational diseases. For platform workers who want to join the scheme, the contribution is covered by the relevant platform if the worker generates an income of at least 13% of the annual social security ceiling. The platform is exempt from the obligation if it provides equivalent guarantees by means of a collective contract.

Sometimes the extension can be provided for an initial period to self-employed people who, before they started their activity, were working as employees and thereby socially protected. In the Netherlands, for example, the extension of protection against work incapacity was originally envisaged only for self-employed people who had previously been professionally active as employees; the idea is to give these self-employed people the possibility of continuing the work incapacity protection that started when they were wage-earners (as a continued voluntary insurance). Their link with the previous activity should, however, be sufficiently close: opting in is only possible where self-employed people have participated in compulsory sickness schemes as employees for at least one year prior to entering the voluntary scheme. As a result, take-up is rather limited: only 1.6% of all self-employed people take part in the voluntary scheme. (European Commission, 2020, p.7). In 2019, the Dutch social partners (cross-sectoral level) agreed in principle to introduce mandatory disability insurance for all self-employed people (Netherlands' National Plan on access to social protection, 2021). This, however, will require a further adjustment to the entitlement conditions, better reflecting the independent position of the self-employed.

4.2 Addressing thresholds that exclude self-employed people

Some Member States have addressed the problem of thresholds in order to open access to social protection for self-employed people with low incomes. This can be by introducing a new category of 'low-income self-employed' (or small entrepreneurs; Section 4.2.1), by lowering the income thresholds (Section 4.2.2) or by providing voluntary access to schemes for low-income groups (Section 4.2.3).

4.2.1 Introducing the group of low-income self-employed people (small entrepreneurs)

Since 2008, independent workers in France have been able to operate as a micro-business if their turnover does not exceed a maximum threshold. When registered under the micro-business scheme, a simplified procedure for the calculation and payment of contributions applies: 22% of the earnings from services provided is taken as the basis for the calculation of benefits. Furthermore, contributions

¹⁵ MISSOC, Social protection for the self-employed. Portugal, 2021, p.22.

are calculated on a monthly basis instead of on a yearly basis (which is still the case for the other self-employed). The payment entitles micro-entrepreneurs to health insurance and family allowances, but also to income-replacement benefits, such as sickness benefits, pension entitlements, and benefits related to work accidents. There are no minimum levels of contributions and no minimum levels of benefits, so if they only contribute a small amount of money, the benefits will be very small too (principle of equivalence). Data show that most platform workers register as micro-enterprises.

In Estonia, a similar approach was put in place in 2019 in order to facilitate the payment of contributions for small entrepreneurs. Independent workers can set up an entrepreneur account with a national bank, where a record is kept of their earnings. If their earnings exceed the minimum social tax requirement, a social contribution (called a social tax) is automatically levied and the account-holder is entitled to health insurance. The system was introduced in 2019 and the number of account holders has grown. According to national statistics, 3,500 business accounts had been opened by February 2021. National policy-makers emphasise the potential of the business account in enhancing the social protection of platform workers, but as yet only 2% of platform workers have set up business accounts.

4.2.2 Lowering income thresholds

Several Member States try to include self-employed workers who do not meet the minimum contribution basis in the social security system, as for example in Cyprus and Portugal.

Contributions for self-employed workers in Cyprus depend on the regulations of the specific occupational category to which self-employed workers belong. Each category prescribes a minimum insurable income. An exception is made for self-employed workers whose income lies below the minimum threshold: they are allowed to pay contributions on their actual income (regardless of the level).

A reduced income is also taken into account in Portugal, where recent reforms have addressed fluctuations in self-employed income and the possibility that the income drops below the minimum threshold. In order to safeguard the qualifying period, a minimum value of relevant monthly income to be considered has been introduced. This minimum value corresponds to a social security contribution obligation of €20 per month.

4.2.3 Voluntary insurance

Access to social protection for (low-income) self-employed people can also be facilitated by introducing voluntary insurance. This can, for example, be seen in France (scheme for micro-entrepreneurs; see above under Section 4.2.1) and in Austria. In the latter, social insurance is in principle mandatory for self-employed people. Nevertheless, a categorical differentiation is made here as regards exemptions from mandatory insurance. Liberal professions and newly self-employed people such as freelancers are excluded from mandatory insurance if their income does not exceed the minimum threshold. If this is the case, they do have the possibility of opting in. For holders of licences, it is the other way around: they are included in the system, but if their income is below a certain threshold, they have the possibility of opting out.

Although the introduction of voluntary insurance gives low-earners the option of joining, and hence lowers the threshold for gaining social protection, it often turns out that the real take-up of these insurance arrangements remains at a rather low level (see Annex 2). Compared with systems with strict access thresholds, it has the advantage of not excluding self-employed people from protection; they are invited (but not compelled) to participate in the scheme, even sometimes combined with advantageous contribution arrangements (such as a lower income basis, smaller number of schemes

or lower contribution rates). Nonetheless, in practice, many of these workers decide not to participate. In particular, low-earning individuals may under-insure even when social provisions offer attractive cost/risk ratios. Countries' experiences with voluntary schemes illustrate that selectivity typically leads to low coverage or a need for significant subsidies (OECD, 2022, p.12).

In Germany, a discussion is being held on the possible application of an opt-out arrangement if mandatory pension protection (covering old age, survivorship and invalidity) is introduced for self-employed people; this is envisaged in the coalition agreement of the current government (Koalitionsvertrag, 2021-2025, 75). One of the drivers for this proposal is the continuous decline in the take-up of voluntary pensions among the self-employed. Although the reasons for this decline are not clear, the assumption is that the growing number of low-income earners among the self-employed is a determining element. Currently under discussion is the possibility of keeping an opt-out facility for the self-employed who can show that they are sufficiently protected by another pension product (provided on the private market). However, it is not easy to determine which of these products can be considered as pension protection, as well as which parameters are to be used to assess whether the (private) pension product is of equal value to the income protection that is available in the statutory pension scheme (European Commission, 2022b). Although the idea of opting out is often advocated as a defensible approach in organising voluntary protection (as people are then in principle protected and have to take a deliberate decision to opt out), the German debate shows that the modalities of organising the opt-out decision can create other potential application issues in the longer term.

4.3 Adapting the risk to the specificity of the self-employed

As mentioned before, systems for self-employed people face quite a few problems with the organisation of social protection schemes for contingencies such as accidents at work, unemployment and sickness. Protection against the risks of unemployment and accidents at work, in particular, is often not made available to self-employed people, or is only available on a voluntary basis without the necessary adaptations having been made for the eventual organisation of the protection. Some Member States object to extending protection against these risks to self-employed people, justifying this policy choice by reference to the structure of the system or socio-economic considerations. Some interesting observations have (for example) been made by the following Member States.

In Bulgaria, for instance, there is currently no formal coverage for self-employed workers against accidents at work and occupational diseases, and in its national plan the government explains that it is not considering the introduction of voluntary coverage, arguing that this contingency is specific to employees because of the necessary 'functional connection' between the accident and the work performed. However, it is not the case that self-employed workers do not have any protection in respect of occupational accidents. All Bulgarian citizens, including self-employed people, are covered by the national health insurance scheme, implying that even if self-employed workers encounter a sudden inability to work due to (for instance) an accident, they do have the opportunity to receive cash benefits through the general scheme.¹⁶

Another example of the non-extension of formal coverage can be found in Poland, where sickness insurance for self-employed workers is only organised by means of a voluntary opt-in scheme. The Polish government does not intend to make the scheme mandatory, because it argues that the increased labour costs may be detrimental to business start-ups and the competitiveness of

¹⁶ Access to social protection for workers and self-employed – Bulgaria's National Plan (2021), pp.2-3.

enterprises.¹⁷ In addition, in the Czech Republic the fact that self-employed people are considered to take economic risks is the main reason not to have them mandatorily covered for unemployment and labour accidents.

Nevertheless, it is possible to find some examples where protection has been extended; successful implementation of this policy is often connected to the necessary adaptation of the existing workers' scheme to the specific work situation of the self-employed.

4.3.1 Unemployment

Many Member States have recently extended their unemployment protection to self-employed workers. Examples are Ireland, Denmark, Malta and Portugal.

In 2019, Ireland opened the Jobseekers' Benefit (the contribution-based unemployment protection scheme) to self-employed workers. Instead of the self-employed simply being integrated into the general scheme, they are subject to different qualification conditions from employees. All self-employed activities must, for instance, have ceased involuntarily (so e.g. seasonal closures do not entitle a person to the Jobseekers' Benefit) and evidence must be provided. Furthermore, a minimum number of social insurance contributions is required. Combining unemployment benefits with activity as an employee is allowed, up to three days a week. The benefits are paid out for a maximum of nine or six months, depending on the number of contributions. The benefits correspond to self-employed people's average weekly earnings in the governing contribution year and are limited to a maximum of €203 per week.

The unemployment benefit scheme in Denmark was completely reformed in 2018. Instead of calculating benefits on the basis of hours worked, they are now assessed on the basis of earned income. This allows for a swifter integration of self-employed workers in the unemployment scheme and also facilitates the combining of different activities and the transition between different labour market statuses (Schoukens and Bruynseraede, 2021, p.65). The unemployment scheme has already been opened up, in the 1980s, to self-employed people. Even though the system is voluntary for all workers, research has shown that coverage rates are – at approximately 80% – high (Avlijas, 2020, p.27). Workers and self-employed people can choose between several funds. Each member has to pay contributions directly; in that way the financing is different from the other schemes (based on both taxes and contributions). The unemployment funds thus collect contributions from the members and pay them to the state. The funds' payments of unemployment benefits to those who become unemployed are fully covered by the Danish state through contributions from insured members and general taxes. If the contributions do not suffice, the state supplements them through the general budget. Benefits can be paid out (only) after one year of uninterrupted membership. In practice, however, the self-employed, compared with employees, have had more difficulties accessing the benefits. In particular, the assessment of whether (or not) the self-employed activity had fully stopped created problems in the past; moreover, there have also been application issues for people combining several activities, as the continuation of (partial) activities often led to a suspension of benefit payments (European Commission, 2022b).

Since the 2018 Danish reform, distinctions according to the type of work have been reduced as much as possible, leaving almost no rules where employed and self-employed people are treated differently. Instead of looking at the hours worked (for example), only income is now taken into account; consequently, it is easier to get the tax authorities to certify that the minimum entitlement conditions

¹⁷ Access to social protection for workers and self-employed – Poland's National Plan (2021).

in relation to work-related activities have been reached. In particular, people combining several activities (of different labour status) can now more easily reach the minimum activity thresholds, as all work-related activities/income registered by the tax authorities are aggregated for the purposes of the income criteria. As to the benefits, the daily unemployment allowance amounts to 90% of the previous income, subject to a threshold of €2,600/month. The best 12 months of the previous 24 are taken into account. During unemployment spells, work is allowed (for employees as well as the self-employed), but the income earned during partial activity is deducted from the (partial) benefit.

In addition, in France the unemployment scheme was extended to the self-employed in 2019. Interestingly, one of the elements that hastened this extension of unemployment coverage was a change in the financing of the unemployment scheme (European Commission, 2022b). In order to increase purchasing power and reduce labour costs, a 2018 reform reduced the contribution rate (for employees); to compensate for this, a fraction of the generalised social contribution (levied by the tax authorities on all income of all professionally active people – *contribution sociale généralisée*) has been allocated to supplement the unemployment insurance funds. Given that the generalised social contribution is levied on general income and is consequently paid not only by employees but also by (among others) the self-employed, the question was raised as to why the benefit should not be extended to the self-employed. Consequently, since November 2019 the self-employed can join the scheme on a voluntary basis. The self-employed who are forced to definitively stop their activity (due to a court-ordered liquidation or administration proceeding) have since then been able to benefit from an unemployment allowance without having to pay additional contributions. The allowance is conditional (e.g. proof of uninterrupted self-employed activity for minimum two years of which at least one year for the same company; looking effectively for a job; having previous income from self-employed activity of at least €10,000/year), and is limited in both duration (six months) and amount (€800/month). To address the low number of applications, the eligibility criteria were eased in 2022. The income threshold was lowered, and the definitive cessation of an activity that is no longer economically viable is now also recognised as a legitimate qualification for the allowance.

In 2019, unemployment benefits were also extended to self-employed workers in Malta. Self-employed people are now covered under the general scheme and are thus entitled to unemployment benefits if they cease their activities and register for work. The calculation of benefits differs from that for employees.

As discussed above, in 2018 the unemployment scheme in Portugal was also extended to certain categories of workers. Whether the self-employed are integrated in the general system or subject to a specific scheme depends on the level of economic dependence.

In other Member States, such as Estonia and Lithuania, the possibility of extending unemployment benefits to self-employed workers is under discussion. The actual organisation of such a change, however, remains unclear.

After the COVID-19 crisis, and specifically on the basis of the experiences of granting self-employed people an income-replacement benefit to cover the loss of income caused by lockdowns, Member States started discussing the feasibility of extending temporary unemployment benefits to self-employed people. In Italy, this policy discussion has been accompanied by a pilot project to cover temporary loss of income for self-employed people: *Indennità Straordinaria di Continuità Reddittuale e Operativa* (ISCRO) (European Commission, 2022b). ISCRO is restricted to the self-employed with a VAT number, taking into account the strict (fiscal) monitoring of the condition that the self-employed are facing a loss of income. Furthermore, the scheme focuses on the self-employed who take part in the general social security fund for workers (in the *gestione separata*, a special sub-scheme within the

National Institute for Social Security – *Istituto Nazionale della Previdenza Sociale*, INPS – fund, devoted to self-employed people). In order to qualify for the benefit, the self-employed have to show that they face at least a 50% drop in income compared with the previous year. Furthermore, the self-employed cannot have earned more than a certain amount in the previous years, showing that the measure targets the self-employed who struggle financially. The amount that is used as a basis is 25% of the previous income (limited to a threshold) and is paid for a fixed duration of six months. In order to create this scheme, the contribution rate was increased, as well as the share of public financing. Interestingly, the scheme opened up access to active labour market policies to the self-employed, such as vocational training.

4.3.2 Accidents at work

Although accidents at work are a risk against which no protection is normally provided for self-employed people, some examples can be found where the scheme has been opened up. Protection against work accidents for self-employed people is organised very differently across Member States (Annex 1): a few provide for general mandatory protection, whereas others adopt a very fragmentary approach and only include those who are at reasonably higher risk of having a work accident, which usually comes down to those performing manual labour. For example, in Finland protection is only mandatory for farmers and athletes. In France only farmers are included, and in Greece craftspeople are included as they are considered to be exercising a hazardous occupation. Finally, some Member States argue that protection against this contingency is too difficult to organise for self-employed workers, and that for self-employed workers it is not practically possible to distinguish between work-related and non-work-related accidents (Avlijas, 2020) (see above).

From these examples we can learn that organising protection for accidents at work is possible, but is sometimes restricted to certain groups (manual workers) or in terms of the degree of protection (some parts of the coverage are not guaranteed as they are difficult to organise for the self-employed, such as accidents occurring ‘en route’ between the home and workplace).

4.3.3 Sickness and maternity

Another risk that traditionally causes application challenges for self-employed people relates to work incapacity (especially short-term work incapacity – sickness, maternity and paternity).

As was mentioned on the occasion of the second workshop on effective protection (Schoukens, 2020a), there are various reasons for the lesser protection self-employed people enjoy against this risk: two of them, though, are fundamental. First of all, the underlying social risk may be defined differently for workers and the self-employed. For the former group, the risk concerns the loss of work capacity; however, for the latter group, the self-employed, work incapacity may be difficult to determine, especially in the first period of sickness. Work incapacity does not automatically lead to loss of income; for example, where remuneration is (partially) based upon return on capital, self-employed people may be in a position to postpone some of their tasks. When suffering from sickness, self-employed people face in the first place the risk of loss of manpower and not so much of income. Consequently, the risk materialises in a different way.

A second reason for lesser entitlement may be related to the role of the employer in granting sickness benefits to workers. In the initial period, sickness is covered by the (additional) wage continuation that employers guarantee. Moreover, the assessment of the degree of work incapacity in the case of sickness relies heavily on the previous work and how this was performed for the employer. Employers’ central role in organising benefit provision may be problematic for the self-employed (who do not have an employer) and for some categories of non-standard work characterised by several potential

employers (agency work, platform work) or the absence of an employer (economically dependent self-employed people).

However, we find examples where account is taken of this specific work situation, such as the maternity scheme for self-employed people in Belgium, which has recently been adapted. Previously the application procedure in Belgium for maternity benefits for self-employed women was relatively burdensome, as they were responsible for initiating the application. The application rate was rather low and even if women did apply, benefits were often only granted after a long period of time. A few years ago the system was changed, and self-employed women now receive the benefits semi-automatically (if they fulfil the conditions, they are automatically contacted by the social insurance fund). Furthermore, the paid maternity leave period increased from eight to 12 weeks, and self-employed women were given the possibility of taking up half-time maternity leave, which allows them to keep their businesses running. In addition, a complementary benefit has been introduced, in the form of service vouchers provided to women after they give birth. These vouchers are an additional help and can be freely used to request household help (such as cleaning services); the latter reflects the need for additional work support, rather than the loss of income (European Commission, 2018a, p.14).

Denmark has also reformed its maternity leave for self-employed people, and allows self-employed people to receive maternity benefits and simultaneously remain active within the business for up to 25% of the normal working hours (European Commission, 2020, p.181). Such reforms are important to allow self-employed people to keep their businesses running.

There is also a growing extension of paternity benefits for self-employed workers in the Member States. In 2019, Belgium (for example) introduced paternity and birth leave for self-employed people that entitles them to benefits for a period of 10 days. Here, too, there is the possibility of taking paternity leave on a half-time basis, allowing the recipients to keep their businesses running (European Commission, 2020, p.183). Besides Belgium, Member States such as Malta and Romania also envisage implementing paternity leave for self-employed people.

All these examples show that a mere extension of the employee scheme to the self-employed is not always the best solution. Taking into account the distinctive work situation of the self-employed, and adapting the conditions for entry to schemes to the specificities of the self-employed, seem to be the keys to a successful extension.

5 Lessons from reviewing policies in relation to the extension of coverage

In what follows we highlight some lessons from the previous sections that are relevant to extending protection to the self-employed. The first two relate to the integration of self-employed people into more general (work) systems, and relate to the position of dependent self-employed people (Section 5.1) and the presence of third parties that may fulfil the 'role of the employer' in the organisation of social security protection (Section 5.2). Furthermore, we highlight the importance of distinguishing between basic rules and specific application rules (Section 5.3). The basic principles of social protection should be similar for all working categories (labour status neutrality): however, in applying this principle it may be necessary to take into account the specific working circumstances of the

professional groups concerned (labour status specificity).¹⁸ The challenge is indeed in finding the right balance between the general principles and the specific application rules, especially in the field of accidents at work, unemployment and sickness schemes. In addition, we focus on the role of voluntary protection in achieving the goal of extended coverage (Section 5.4): it is often applied by Member States, but not always with the same success in terms of increased protection. Furthermore, we make the connection between extending protection to workers and their mobility, both internally within a Member State and externally, i.e. between several Member States in the European (labour) market: it will be argued that too much difference in protection levels across professional statuses can hamper this (internal and external) mobility (Section 5.5). We end our discussion with some reflections on a possible universalisation of social protection (Section 5.6), as this often is advocated as an effective way to incorporate low-income (self-employed) earners in social protection.

5.1 Dependent self-employed and non-dependent self-employed people: a new dichotomy?

As we discussed in Section 2, the proportion of self-employed people among all professionally active people has remained stable over the last decade; the composition of self-employed people, however, has gone through some major changes. Over the last decade, the share of self-employed people without personnel (often labelled as solo self-employed people) grew within the total number of self-employed people.

Economic dependency has to be distinguished from solo self-employment. Not all solo self-employed people are in situation where they are economically dependent upon their client(s); nor do they all face a weak or unstable income situation. Among the solo self-employed we still find traditional self-employed people, such as liberal professions, tradespeople or craftspeople, and many self-employed people are economically successful. However, there is also a significant number of solo self-employed people whose circumstances are difficult and who may even be at risk of (or actually in) in-work poverty. As we mentioned before, for self-employed people without employees the level of material deprivation has increased over the years and in 2019 reached the same level as that for employees. The socio-economic position of the self-employed thus clearly differs according to whether or not they employ additional workers themselves.

Although marginal in terms of absolute numbers in some Member States, among the solo self-employed there has been a steady growth of self-employed people working in an economically dependent relation with respect to their client or commissioner; in 2017 (latest year available in the Eurostat Labour Force Survey specific ad hoc module on self-employed people), 20.2% had had one client or a dominant client in the previous 12 months; and within this group 23.4% declared that the client(s) had control over their working time. Similarly, among solo self-employed people bogus self-employment can often be found – people in this situation are in reality employees and should be treated as such in the field of social protection.

Dependent self-employed people work in a manner very similar to that of employees. Although they may not formally stand in a legally subordinate relationship to an employer, their way of working

¹⁸ See, in line with this principle, point 9 of the Council Recommendation (2019): a) rules governing contributions (e.g. qualifying periods, minimum working periods) and entitlements (e.g. waiting periods, calculation rules and duration of benefits) should not prevent individuals from accruing or accessing benefits because of their type of employment relationship or labour market status; and b) differences in the rules governing the schemes between labour market statuses or types of employment relationship should be proportionate and reflect the specific situation of beneficiaries.

strong resembles that of traditional wage-earners. This is particularly true of the element of income dependency: they generate income – necessary for their own living subsistence and the subsistence of their family – mainly from one client. If they lose this client, they face a serious temporary or even longer-term loss of income, jeopardising in turn their ability to earn a subsistence living. This dependency is even stronger in situations where economically dependent self-employed people are easily interchangeable – for example, where the work is not very specialised and hence the commissioner can easily find replacements for them.

A growing number of special social protection schemes can be seen that have been developed for economically dependent self-employed people (Annexes 1 and 2); some of these schemes even extend parts of labour law protection to them. So-called ‘in-between’ social protection is typical of these schemes: some of the standard wage-earner protection is granted, but not all, often combined with voluntary insurance: the dependent self-employed may choose to opt in or to opt out, depending on the design of the voluntary scheme. But given, among other things, the limited take-up of voluntary schemes, one can question whether this in-between coverage is sufficient, regardless of whether it is in place on a mandatory or voluntary basis.

Taking into account their clear resemblance to the situation of employees (economic, income, dependency) one can only wonder why the social protection addressing this dependency could not be applied fully to these groups of economically dependent self-employed people. Contrary to ‘traditional’ self-employed people (working for many clients), economically dependent self-employed people work in a very similar fashion to employees; the extension of protection could in other words be applied by analogy (even without too many legal-technical adaptations). The major challenges that are often linked to the extension of these schemes to self-employed people are largely absent here, as the income comes (mainly) from a single person who bears a very strong resemblance to an employer. The termination of the ‘service’ contract of the dependent self-employed can, for example, be viewed as similar to the dismissal of wage-earners; an accident that occurs during the performance of the work that a dependent self-employed person carries out for a single client can be more easily attributed to the work environment of the latter, especially when the work is carried out on their premises. Wage-continuation (in the first period) during sickness could be provided in a similar way to that for employees. In relation to social security financing, co-financing by a single client is also comparable to that by an employer, and is not so hard to imagine. So before we envisage these extensions of the wage-earner protection, we may have first to recognise the formal status of dependent self-employed people as a group, to differentiate them from other self-employed people. The Portuguese approach is an interesting reference lesson in this regard.

Many of the legal-technical pitfalls traditionally raised in connexion with extending social protection for self-employed people (against unemployment, sickness or accidents at work) are not present here or are less problematic than the situation of the (increasing number of) self-employed people providing services to a dominant client. The Portuguese (unemployment) scheme for dependent self-employment is an interesting practice in this regard, especially as its application has been extended recently. But it could be further extended to other contingencies, and even – as we can see happening in the UK (‘limb (b) workers’) – to the adjacent field of labour law (Barrio, Montebovi and Schoukens, 2018).

5.2 Looking for the employer in the self-employed work relation

In a similar fashion and going beyond the scope of dependent self-employed people, social protection systems could start to embrace people or institutions that are in the kind of service relationship self-employed people have with their clients, and that may fulfil the tasks and functions that employers usually do in relation to their employees. This could, for example, refer to ‘third party’ contractors who closely resemble employers in the standard labour relation. In this relation the employer has an important position both in the legal design of the conditions for, and administration of, the social protection of workers. Many of the conditions in relation to unemployment and work incapacity protection are defined in terms of the (termination of) the individual labour relation of the employee with their employer. Furthermore, employers co-finance the social protection of their workers (in a true Bismarckian tradition of financial co-responsibility); in the financing of workers’ schemes employers play an important administrative function by withholding employee contributions from the prime income source (wage).

It could be an interesting approach to look for such ‘third parties’ in the work situation of the self-employed. In a previous workshop we highlighted this mainly from a financing perspective (i.e. clients of the self-employed co-financing the social protection schemes of self-employed people: see Schoukens, 2020b – access to adequate protection) where third parties address the lack of an ‘employer contribution’ in the self-employed system: see for example in the German social protection system for artists (*Künstlersozialabgabe*) or in construction where the self-employed organise their activities in legal entities, where the latter co-finance social protection as third parties. The contribution from the legal entity would then be based on the turnover and/or profit of the company itself, whereas the self-employed person working in the entity would pay on the basis of their personal revenue (Schoukens and Bruynseraede, 2021, p.98ff).

Furthermore, it is possible to envisage third parties playing an additional role in the development of income-replacement schemes (e.g. for accidents at work, unemployment and sickness), both in relation to condition-setting and benefit-provision.

A possible approach to extending protection consists of using occupational social protection arrangements. The collective bargaining pathway for self-employed groups has been opened up recently by the European Commission (in the context of the package to improve working conditions of platform workers), which has given further clarification of the conditions under which self-employed people could rely on these arrangements without breaching the (EU) fair competition rules. The issue is that self-employed people are considered to be economic agents, and therefore any kind of action that may impede price-setting in the open market is considered to be potentially in conflict with these rules. However, the Commission made clear that organising protection for the self-employed on the basis of collective labour arrangements is possible under the fair competition rules (European Commission, 2022a). In this clarification the European Commission states that there are groups of self-employed people who are in need of improved working conditions or increased social protection that can be achieved by extending their ability to enter into collective agreements. The European Commission clarified the applicability of EU competition law by approving the guidelines for collective bargaining social conditions by self-employed groups (European Commission, 2022a), after an open consultation of stakeholders. More precisely, a clarification of the categories of collective agreements that will not be considered as falling within the scope of Article 101 TFEU, and a clarification of other sorts of collective agreements that will not be intervened against, are provided for in these guidelines.

For instance, the guidelines provide that collective agreements regarding the working conditions of solo self-employed people who are in a situation comparable to that of workers fall outside the scope

of Article 101 TFEU; and the guidelines specify these self-employed as being economically dependent solo self-employed people, solo self-employed people working side-by-side with workers, and solo self-employed people providing their services to or through digital labour platforms (platform workers). Besides self-employed people working in a comparable manner to employees, collective agreements could also be extended to self-employed people who have little influence over their working conditions – for example, because of the application of statutory rules conditioning price-setting and/or minimum income levels.

5.3 Protection in relation to unemployment, sickness and accidents at work for self-employed people is possible if enough attention is given to the specific work situation of the self-employed

Extending protection to self-employed people for contingencies such as accidents at work, sickness and unemployment has to go further than simply opening up existing schemes for (standard) employees to self-employed people: when a scheme is applied without adaptation to the specific working circumstances of the self-employed, it will in the end not be applied effectively.

The Danish experience in relation to its unemployment benefit scheme is relevant in this regard: although it has already been available to self-employed people for a long time, it recently (2018) underwent some serious adaptations, among other things to improve its application to the self-employed. For instance, the entitlement conditions in relation to the minimum work period are not anymore expressed in numbers of work hours but in terms of earned income. The application of minimum working hours seemed to be problematic for self-employed people; quantifying this minimum condition in terms of income generated suits them better and allows a swifter application in cases where several professional activities are combined by the worker (both wage-earning and self-employment). It is interesting to note the development towards conditions or life situations which are neutral in relation to the labour status of the work (regardless whether it is done in a subordinate or independent situation). Only where necessary are the conditions defined in terms of the specific labour status of the worker concerned (subordinate or not). For instance, for unemployment, in the further application rules the focus of the general condition (i.e. the activity has fully ceased) will be for self-employed people on the closing of the business whereas for employees it will be on the lay-off (Schoukens and Bruynseraede, 2021, p.117ff).

The system will thus need to be neutral in its design as regards labour status, yet sufficiently specific in its application rules in relation to the professional group it covers (EU Recommendation 2019, cons. 5; Schoukens, 2000, p.92ff).¹⁹ It is finding this balance that will be crucial for extending protection to self-employed people for income-replacement risks such as accidents at work, unemployment and sickness (see further on this topic: Second Workshop on access to social protection, effective access, 2020). This tailored design of the conditions is a feature, for instance, of the Belgian scheme for maternity protection for the self-employed. It combines an income guarantee with protection against the loss of workforce. Moreover, it builds in some flexibility to combine the maternity benefit with partial (continuation of) work (see above under Section 4.3.3).

¹⁹ See the Recommendation on this: “While it is acknowledged that different rules could be applicable to workers and the self-employed, the principles of formal coverage, effective coverage, adequacy and transparency defined in this Recommendation apply to all workers and to the self-employed”.

5.4 Voluntary protection – a possible way for extension; mandatory protection where appropriate

Voluntary protection is a technique often applied to extending protection to the self-employed (Annexes 1 and 2). Legally speaking it is strictly in line with Article 8 of the Recommendation on access to social protection, wherein it is suggested that coverage to self-employed people be extended “*at least on a voluntary basis*”.

Voluntary insurance can indeed play a role in the organisation of social protection, but it is not the standard (default) approach to the organisation (or extension) of social protection. Social protection normally involves a strong amount of (income) redistribution, which cannot (always) be guaranteed by voluntary insurance. Voluntary access implies that some groups will decide not to join (or to leave the scheme in the case of opt-out systems), and it turns out that those deciding not to join are mainly to be found among those in the highest and lowest levels of income (Codagnone *et al.*, 2018, pp.87-88). The lowest income level is strongly represented by (solo) self-employed people, who traditionally need the protection the most, yet who lack the required financial means to ensure it when struggling on a low income. But forfeiting the participation of high-income groups is equally problematic, not only with regard to guaranteeing the financial sustainability of the system, but also for maintaining the trust of the public. Both elements are essential for viable social protection systems.

Overall take-up of voluntary protection is rather low, as is the impact on extending protection (see Annexes 1 and 2). This is also true for dependent self-employed people. Knowing that a share of these workers has been pushed into self-employment for cost-cutting reasons, an approach that consists in extending protection on a voluntary basis will not have much effect: the client does not have much interest in bearing this additional cost; and the workers cannot bear the cost. A mandatory approach is more feasible for this group of economically dependent workers; cost-sharing by the client or commissioner can be recommended.

In some situations, voluntary protection can be an interesting approach to granting more (additional) protection, especially in relation to supplementary coverage (for old age and survivorship, sickness and accidents at work), and for granting protection in respect of maternity, as workers and self-employed people seem to have a higher interest in being protected against these contingencies (Codagnone *et al.*, 2018, pp.87-88). Hence it may be strategically wise to work with so-called combined voluntary protection extensions (or ‘packages’), where (voluntary) healthcare protection (for example) is combined with protection under other income-replacement benefit schemes (such as sickness); of course, the strongest interest is in healthcare coverage, but side-protection for sickness-related income replacement is provided in addition.

Extending protection on the basis of voluntary insurance may also depend on the kind of risks involved. A previous study of human behaviour in relation to the extension of social protection (Codagnone *et al.*, 2018) showed some findings of interest. Self-employed people seemed to be more worried about old age and unemployment (especially after the recent global crisis) and were more inclined to accept mandatory insurance for these risks (Codagnone *et al.*, 2018, p.76). Less of a surprise was the finding that younger people seemed to be less convinced about the necessity of being socially insured, whereas older people were more in favour of having good social protection (Codagnone *et al.*, 2018, p.87ff). But it is a risky policy to apply voluntary insurance as a standard for younger generations: they will get used to the fact that work does not relate to (mandatory) insurance for social protection. An important element in changing attitudes (towards social protection) seems to be the moment people start a family (Codagnone *et al.*, 2018, p.87ff). For some life contingencies or life situations, non-standard workers and the self-employed seem to be more convinced of mandatory coverage than

others. The fact that some risks, such as old age, ill-health or unemployment, are considered to be more 'worthwhile' for social insurance protection (compared with other social risks) could be a reason to create mandatory insurance schemes in a package (as mentioned above).

Let us conclude on this point in a similar way to how we did three years ago on the occasion of the first workshop: *"for self-employed persons the Recommendation calls for access at least on a voluntary basis, and where appropriate, on a mandatory basis. What exactly can be understood by 'appropriate' is open for discussion and will have to become clearer in the future by shaping access to social protection in reality. Yet on the basis of this analysis some first guidelines can be chalked out in this respect.*

"Voluntary insurance schemes could be useful to help further extend protection across all forms of self-employment, mainly in a supplementary and residual manner (thus additional to mandatory protection), possibly also by granting substitutive protection to (excluded) groups. It can help in a first period to complete the protection for social contingencies which are challenging to organise for self-employed people, such as unemployment, sickness and labour accidents.

"Voluntary insurance can be a way of introducing those self-employed people to social protection who happen to have stayed outside the general protection system. This approach can be justified, at least, when the number of these groups remains restricted. Techniques of co-insurance, combined insurance or continued insurance can also be helpful in this respect. However, if existing systems rely on a 2nd pillar protection, integrating the self-employed will require a revolutionary rethinking of work representation and unionism." However, we should not forget that the default in organising social protection is for it to be done on a mandatory basis: this starting point is also valid for self-employed people.

5.5 Extending coverage and mobility

People may change their profession over time, and thus their professional status, for example from employment to self-employment or vice versa. A change in work/occupational position may therefore mean a change in social protection regime (e.g. from an employee system to one for the self-employed). This change may then result in a loss or a gain of benefits or rights acquired under the first regime (to which people would have been entitled had they stayed in that regime). It may also create problems in the new scheme if someone's insurance record is not sufficient to give entitlements to a benefit – an issue of effective protection which seems to be particularly problematic for non-standard workers and the self-employed (European Commission, 2018b; Schoukens, 2020c). To address this, technical rules of coordination between different regimes may have to be further developed, so that workers do not lose any social security entitlements. However, these rules will only have substantial effect when the differences between the systems are not too large in relation to social protection. Conversely, if systems have protection levels that are too different, there is a greater risk that people will not change work or profession because of a potential loss of protection: in the end, this impedes labour market mobility and/or changes of labour status. Changes from employment to self-employment (or the other way round) will be less likely to take place. Addressing this issue of protection being lost due to job or labour status mobility may require from Member States that they reduce excessive differences in protection levels across social protection systems (see above, Section 4.1).

Intra-European mobility (between Member States) can also be affected when protection levels turn out to be too different between systems. This has traditionally been not so much of an issue between employee schemes, but has turned out to become (increasingly) problematic when cross-border

movement is accompanied by a shift to atypical work and/or self-employment, as the landscape of social insurance protection for non-standard workers differs significantly (Carrascosa *et al.*, 2019). By using their right to move freely, workers may end up in a system where no (mandatory) or only limited social protection is in place for that category of workers (e.g. for self-employed people, platform workers or flex workers). The objective of the EU coordination rules (Regulation 883/2004; Regulation 987/2009) is restricted to coordinating different national systems and do not address any kinds of differences in protection level that may occur between Member States.

In a series of cases, starting with Bosmann (2008), the European Court of Justice addressed the issue by allowing insured people to fall back upon the social security system of their place of residence instead of their place of work, in cases where the system applying in the competent Member State of work was (too) limited in its eventual protection (C-352/06, Bosmann, EU:C:2008:290). This decision has been the origin of considerable debate among legal scholars and policy-makers, as it potentially endangers one of the leading principles of (EU) social security coordination rules – that is, that one and only one system is to be made competent, namely (for professionally active people) the state where people work (Article 11 Regulation 883/2004; Carrascosa *et al.*, 2019). In a recent case the European Court refined its position by stating that Member States can facilitate this fall-back on the system of the country of residence; however, this facility cannot be imposed upon Member States, even if their schemes are based on residence and thus give universal protection (joined Cases C-95/18 and C-96/18, van den Berg, Giesen and Franzen, EU:C:2019:767). As a result, instead of changing the basic coordination principles that indicate the competent Member State, an approach that consists in bringing protection levels to similar levels across professional groups seems to be more defensible (Carrascosa *et al.*, 2019). It shows the relevance of the EU Council Recommendation on access to social protection (2019), which calls upon the Member States to address problems of limited access to social protection for (certain groups of) workers. If access to protection is guaranteed for all workers (whatever their type or labour status) across all Member States, it may help to limit the aforementioned coordination problems.

5.6 Lowering thresholds, universalising protection and broadening the income concept for financing

Lowering protection thresholds to increase formal access is not only about (lowering) the income levels that are taken into account for the financing of the system. The recent Estonian initiative concerning the bank account system is relevant in this respect. It shows that a simplified access policy (a ‘low-threshold approach’) can have the effect of introducing low-income self-employed people to the social protection system. Due to accounting and fiscal administrative procedures, our social protection systems may have added unforeseen thresholds of a more administrative nature. We have to take into account that our systems deploy stringent, sometimes sophisticated, (para)fiscal and accountancy requirements on those running self-employed businesses. Consequently, self-employed people cannot apply to these without specialised support from accountants or tax lawyers. For some self-employed people this may be a (too) costly hurdle to overcome, leading to the growth of an undesirable grey market. The Estonian bank account system reminds us that simplifying access can also be achieved by reducing administrative requirements; outside Europe (in Latin America, to be precise) this approach also seems to be an effective one (Schoukens and Bruynseraede, 2021, pp.89-92).

Furthermore, we have to ask ourselves whether minimum income thresholds that condition access to social protection can still be defended in a world where professional activities are becoming intensively digitalised (leading among other things to a growing platform economy) and where it becomes difficult to distinguish professional activities (work) from other activities, both generating income (sponsorship,

rental income, return on capital investment). In reality, people may live on the return from both kinds of activities; it may even be that work-related income has a marginal return compared with the return from the other activities. But should that matter in the end for social protection, when the overall goal is to safeguard the loss of income on which people live?

One of the leading arguments for excluding marginal work from protection was (or still is) of an administrative nature – that there is too little activity or income to justify the administrative costs involved. But is this argument still valid in the light of digitally driven administration? Taking into account the variety of activities (professional or not; subordinate or not) that may generate income, the approach should be that all earned income should matter for social protection. *The simple fact that an activity is marginal cannot justify on its own an exemption from the payment of contributions. Income coming from any activity – however marginal it may be – can be used to finance social protection, especially as a growing number of people combine a series of small-scale, marginal activities such as in platform work* (Schoukens and Bruynseraede, 2021, p.100). This policy will of course not always lead to decent minimum protection on the benefit side. From an equivalence point of view, low incomes will more than likely result in low benefits; these benefits will eventually be corrected by minimum protection levels, be it means-tested or not.

Hence the growing call to provide for a universalisation of social protection. The emphasis is then not so much upon the (qualification of) professional activity but upon people's participation in society (and the social security system). Low-income self-employed people will then, when a social risk arises, be guaranteed (normally flat-rate basic) protection. When devoid of a means test (or other targeting measures) these systems are straightforward yet effective in design and provide citizens with basic protection against (most if not all) social security risks. It should not come as a surprise that, from a social protection point of view, platform work was not considered to be a major issue in Member States with (mainly) universal social protection schemes, such as the Nordic Member States.

However, there are also some limits on applying universal protection as an effective tool for granting access to social protection for (low-income) self-employed people. First and foremost, the protection is not defined in terms of lost work or income; it is safeguarding citizens against the absence of income. Protection is organised through fixed benefits, and work perspectives are defined in general terms (any kind of job is a work opportunity; the emphasis is not upon the lost job or business). Moreover, a universal system will only function optimally when the number of people with low earnings or income is of restricted or moderate. A growing number of low-earners will put pressure on these systems too, especially when the universal basic level of protection is higher than the average income on which low-income workers pay contributions/taxes. Even if there is no direct equivalence between what people pay in and what they ultimately receive from the system, universal protection schemes are only sustainable where the income base on which they are financed is broad enough. And even though these schemes are based upon residence, labour income remains an important factor in the eventual financing of them. Although it goes beyond the issue of formal access in a strict sense, financial sustainability can only be guaranteed if efforts are made to move low-income workers into decent work opportunities and/or solid businesses. By the same token we have to reflect upon the need to broaden the income that serves as a contributory or tax base. Exploring new approaches (additional taxes) is here as valid as it is in more traditional social insurance systems based upon professional activities.

6 Concluding observations

Extending social protection for self-employed people is a challenging objective, as shown in this paper. The gap in coverage is still very much present for this category; the ambition in the Council Recommendation is quite high in asking for formal coverage for the full range of social risks, including contingencies that are traditionally difficult to organise for self-employed people, regardless of whether the difficulty lies in the legal-technical sphere or in the more ideological view that certain risks should be taken by the self-employed themselves. However, based on concrete examples we can see that this ambition can be realised, provided there is the will and the capacity to think innovatively. Protection, especially against income-related risks such as unemployment, sickness and accidents at work, need to take into account the specific working situation of the self-employed. By the same token, it has to be acknowledged that some self-employed people, even if they are not considered as being in bogus self-employment, work in a way that comes very close to the working situation of employees in terms of being economically dependent upon a single client. In such cases it may be not so much adaptation of schemes that is required but merely an extension of protection, whereby the single or major 'client' takes on the tasks and role which employers have in traditional social insurance schemes for employees. Furthermore, this search for similar third-party elements in service contracts for self-employed people, capable of being assimilated into the social security system, can have a broader application – especially in relation to the growing number of self-employed people who are active in their own legal entity. The potential role of the latter in the operation of the social security system could be explored further.

Voluntary insurance can definitely play a role in the extension of social protection for the self-employed, but we have to be aware of its limited potential for a social security that is strongly based upon redistribution. By using voluntary rather than compulsory access, we risk excluding those who need it the most and at the same time those whose participation is the most needed. Making protection more universal is a path to be followed, but it has limits too and it does need a strong financial basis to guarantee access to adequate protection levels. Here we must touch upon the need to define the income base broadly enough for whatever kind of social protection is envisaged (professional or universal). Do we define the income base broadly enough, taking into account the fact that the activities from which income is derived definitely go (increasingly) beyond traditional wage labour? The activities from which people derive their income are much more diverse than 50 years ago. Should we in the long term not shift to income protection rather than the social protection of professional income? This would mean that additional income sources, going beyond professional income, such as income from rent, will have to be reflected in the contribution base. By raising these questions, we go beyond the boundaries of the Recommendation, which is still based on the traditional concept of work. The monitoring of the Recommendation does not prevent such a wider reflection on future social security systems. We are aware, though, that the shift from social protection for work-related income to a mere social income protection goes beyond the boundaries of the Council Recommendation on access to social protection. Ultimately this will have to be addressed in another setting as it asks for a fundamental reflection on the kind of protection we want to guarantee to our (working) citizens; by the same token it will change fundamentally the current systems of financing, especially for systems that now focus solely on professional income. However, confronting the boundaries of the current discussion on formal access to (work-related) social protection invites us to begin considering such issues.

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Annex 1 – Coverage (voluntary/mandatory) for sickness, accidents at work and unemployment

Country / Benefit	Sickness	Accidents at work / occupational diseases	Unemployment
AT	compulsory; no scheme for farmers	compulsory, also for farmers	voluntary; no scheme for farmers
BE	compulsory	no scheme (some coverage via <i>droit passerelle</i>)	<i>droit passerelle</i> (+ claim via other means, e.g. based on previous employment)
BG	voluntary	no scheme	no scheme
HR	compulsory	Compulsory	compulsory (non-contributory)
CY	compulsory	no scheme	no scheme
CZ	voluntary	no scheme	compulsory
DK	compulsory	Voluntary	voluntary (also for employees + minimum guaranteed income available to all)
EE	compulsory	no scheme	no scheme (access to state unemployment allowance)
FI	compulsory	voluntary; compulsory for farmers and athletes	compulsory (basic flat benefit) + voluntary (earnings-related)
FR	compulsory for self-employed and farmers; voluntary for liberal professions	no scheme for cash benefits, voluntary for in kind benefits; compulsory scheme for farmers	no general scheme; means-tested contribution-free benefit for those under judicial liquidation (incl. farmers and artists); general means-tested unempl. assistance also available for artists
DE	voluntary opt-in for self-employed/liberal professions; compulsory for self-employed artists and publicists and others with statutory pensions insurance; no scheme for farmers	voluntary; compulsory for farmers	voluntary (unemployment assistance available in case of need)
EL	compulsory; no scheme for farmers and independent professionals	no scheme except for craftsmen b/c they belong to hazardous occupations	compulsory; no scheme for farmers
HU	compulsory (appears)	compulsory (appears voluntary for farmers)	compulsory; no scheme for farmers

	voluntary for farmers)		
IE	no scheme except voluntary opt-in for fishermen/women	no scheme	compulsory (non-contributory for now)
IT	no compulsory statutory scheme except for dependent self-employed; partial and fragmented benefits by occupation/sector	compulsory; no scheme for liberal professions and some tradespeople	no scheme except for a compulsory one for those in 'new' forms of self-employment
LV	compulsory	no scheme	no scheme (assistance available to those in training)
LT	compulsory	no public scheme (private insurance against accidents available)	compulsory for owners of individual enterprises, members of small partnerships and full members of partnerships; non-existent for liberal professions, athletes/artists, and farmers
LU	compulsory	Compulsory	compulsory (non-contributory)
MT	compulsory	Compulsory	compulsory
NL	voluntary	no scheme	no scheme (means-tested unemployment assistance available)
PL	voluntary opt-in for self-employed; compulsory for farmers	compulsory for both self-employed and farmers	compulsory for self-employed; no scheme for farmers
PT	compulsory	compulsory (public for diseases, private insurance for accidents)	compulsory for dependent self-employed and managers/directors; no scheme for others
Romania	compulsory	no scheme	voluntary (under the same conditions as employees)
SK	compulsory	no scheme	voluntary
SL	compulsory	compulsory	compulsory
ES	compulsory; voluntary opt-in for farmers	compulsory; voluntary opt-in for farmers	compulsory; voluntary opt-in for farmers
SE	compulsory	Compulsory	compulsory (basic flat benefit) + voluntary (earnings-related)

Source: Avlijas, 2020, pp.19-20.

Annex 2 – Take-up of voluntary insurance for self-employed people

This overview is retrieved from Schoukens (2019) based on data from 2017,^a supplemented with data from the EU monitoring framework (European Commission, 2020^b and 2021^d), as well as the national action plans on access to social protection and additional information provided in the context of the September 2021 SPC thematic discussion on these plans (2021).^c It is not exhaustive and will be updated/amended as needed in the final, post-event version of the paper.

	Sickness	%
AT ^a	For people starting self-employment who do not reach a certain income threshold, a voluntary opt-in is in place.	22.4% opt in.
BG ^a	Voluntary opt-in system.	15.7% opt in.
CZ ^a	Voluntary opt-in system.	13.7% opt in.
LT ^c	Certain groups of self-employed people not covered under the mandatory scheme. They have the possibility of opting in.	Less than 1% opt in.
SK ^a	Opt-in system for self-employed people who do not reach the minimum income threshold.	Opt-in rate almost 0%.
NL ^b	Voluntary opt-in for self-employed people with a previous compulsory insurance record of at least one year (i.e. wage employment prior to self-employment).	1.6%.
ES ^c	Agricultural workers have a voluntary opt-out system.	11.6% opt out.

	Old-age pensions	%
BE ^c	Supplementary voluntary pension scheme for self-employed people.	56.3% opt in.
DE ^c	Self-employed people who are not covered under the mandatory old-age scheme can opt in.	8.2% opt in.

	Unemployment	%
AT ^a	Voluntary opt-in system.	0.26%
SK ^d	Out of the 224,062 self-employed people who can opt in, only 6,172 opt in.	2.8% of those who have the possibility of opting in.
FI ^c	Basic allowance is mandatory. Supplementary self-employed people can join an earnings-related unemployment insurance scheme as member of a special unemployment fund.	10-15%
RO ^a	Voluntary opt-in system.	A little over 1% opt in.

	Accidents at work	%
DE ^c	Voluntary opt-in.	12.6%

Annex 3a –Typology of social protection/security systems for self-employed people

Universal		General for all self-employed people	Categorical
Universal (workers)	Universal (workers) with distinctions		
(Basic) social protection is organised in the same system for all working groups of the population or even for the whole population. The system does not distinguish structurally or in terms of organisation between the different (professional) groups. The system provides, regardless of the group that is insured, an equal (basic) cover, the same administrative structure and a uniform financial scheme.	Self-employed people and employees fall within one general scheme, although there are differences in terms of contribution rates, and self-employed people may be excluded or subject to different conditions for certain risks.	A system where all professional categories of self-employed people are included in one social security system. The system has its own administrative structure with representatives of the self-employed and the government; it collects and manages financial resources itself. With regard to cover and financing, the system does not distinguish according to professional groups of self-employed people.	Specific systems for different professional categories of self-employed people. Has its own administrative structures and financing in place. Benefits may differ across the categorical systems.
DK, ^a EE, ^b SE, FI	BG, HR, CY, CZ, FR, ^c HU, IE, LV, LT, LU, MT, ^c PL, ^c PT, ^c RO, SK, SL, NL	BE	AT, DE, EL, IT, ES

(a) With the exception of unemployment benefits; (b) with the exception of accidents at work and unemployment benefits; (c) a distinction is made between categories of self-employed people for certain eligibility requirements, contribution rates or access for certain contingencies.

Annex 3b – Categorical approach: distinction and coverage by general scheme or specific schemes

This table shows the subdivisions applied in categorical systems and in systems where self-employed workers were integrated in the general system, but for which minor differences are still in place for certain subgroups of self-employed for certain eligibility requirements, contribution rates, or access for certain contingencies.

AT	<ul style="list-style-type: none"> - Farmers - Self-employed people - Liberal professions
FR	<ul style="list-style-type: none"> - Farmers - Self-employed people; craftspeople, traders and industrial workers - Liberal professions - Micro-entrepreneurs
DE	<ul style="list-style-type: none"> - Farmers - Self-employed people covered by statutory pension insurance - Self-employed people - Self-employed artists and publicists - Liberal professions
EL	<ul style="list-style-type: none"> - Craftspeople - Lawyers - Engineers - Doctors - Farmers
MT	<ul style="list-style-type: none"> - Self-employed - Self-occupied
IT	<ul style="list-style-type: none"> - Traditional self-employed <ul style="list-style-type: none"> o Farmers o Craftsmen o Tradesmen - New self-employed <ul style="list-style-type: none"> o Co.co.co o Administrators, statutory auditors o Board and commission fellow members o ... - Liberal professions
PL	<ul style="list-style-type: none"> - Self-employed - Farmers
PT	<ul style="list-style-type: none"> - Self-employed - Farmers - Contracting entities
ES	<ul style="list-style-type: none"> - Self-employed - Farmers