Income protection for self-employed and non-standard workers during the COVID-19 pandemic

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Abstract Based on original evidence from the European Social Policy Network (ESPN), the article investigates the extent to which self-employed and non-standard workers, who are less protected by “ordinary” social protection, were included in “extraordinary” income protection and job retention schemes during the COVID-19 pandemic in the European Union (EU) and the United Kingdom. When the crisis hit, countries quickly introduced unprecedented emergency income replacement measures for the self-employed. Nevertheless, most of these schemes provided only basic support through lump sums and were, in some cases, subject to a variety of eligibility conditions. Non-standard workers were in general included in job retention schemes, but substantial gaps remained in some countries. The article discusses how such gaps were addressed in five EU Member States. The article concludes by highlighting some policy pointers for better and more adequate “extraordinary” income protection for the self-employed and non-standard workers in times of crisis.

Keywords self-employed, atypical work, social protection, short time working, employment subsidy, COVID-19, Europe

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Introduction

The COVID-19 pandemic and the consequent adoption of lockdown measures to prevent infections negatively impacted European labour markets and income. To tackle the consequences of the pandemic, all national governments in the European Union (EU) quickly provided unprecedented economic and social support through “extraordinary” income protection and job retention schemes (European Commission, 2021b; Baptista et al., 2021).

In this context, job retention (JR) schemes, which include short-time work schemes (STW) and wage subsidy (WS) schemes, were the pivotal tool through which many countries cushioned potentially disastrous effects on both employment and household income. Compared to the 2008 economic and social crisis (the so-called Great Recession), there was a rapid and widespread creation of STW and WS, as well as the adaptation of previously existing schemes (Müller and Schulten, 2020; Drahokoupil and Müller, 2021; Baptista et al., 2021).

What is more, and very different from what occurred during the Great Recession, specific income replacement schemes for self-employed workers were at the forefront of alleviating the adverse consequences of the pandemic on income from self-employment. In addition, the EU played an important and unprecedented role in the financing of these schemes through the introduction in 2020 of a new financial assistance facility (temporary “Support to mitigate Unemployment Risks in an Emergency” – SURE), providing financial assistance of up to 100 billion euros (EUR) in the form of loans for SWT, WS and income support for self-employed workers.

Research quickly focused on the scope and the functioning of STW and WS measures (Müller and Schulten, 2020; Drahokoupil and Müller, 2021; Baptista et al., 2021). The results show that these schemes were accessible and provided substantial support for workers, with generous replacement rates and relaxed eligibility conditions. It is estimated that STW and WS schemes supported more than 32 million jobs in the EU at the peak of the crisis (European Commission, 2021a). On the one hand, these JR schemes allowed workers to retain their jobs, and part if not all of their income. On the other hand, they permitted employers to maintain those skilled workers necessary for the enterprise’s functioning and to avoid the costly processes of furlough and then re-hiring once the economic situation improved (Giupponi and Landais, 2018).

It has been evaluated that in the absence of STW benefits, the drop in euro area households’ net labour income from reduced hours worked could have been

1. For the purpose of this article, we focus only on the income replacement measures for the self-employed, and not on general economic support (e.g. rent subsidies, etc.) for self-employed workers and enterprises.
22 per cent during the lockdowns. Ultimately, the actual drop is estimated to have been 7 per cent. Thus, two-thirds of the possible loss was cushioned, although significant differences exist between individual workers and between countries (Dias da Silva et al., 2020).

Nevertheless, these studies on STW and WS do not focus on an evaluation of whether the status of the worker – contractual (standard/non-standard contracts) or self-employed – played a role in access to these schemes. Given that job polarization has been accelerating in recent years (Strban et al., 2020) and most sectors affected by lockdown measures tended to rely heavily on non-standard and self-employed workers (OECD 2020a), the possible lack of worker social protection is a particular concern. In general, all workers were included in these schemes to the extent that they had a contractual relationship with the employer. This means that both standard and non-standard workers had access to these schemes (Baptista et al., 2021). However, there were important exceptions to this general situation, such as the case of temporary agency workers in some countries. The situation of non-standard workers during the pandemic has been mostly researched in terms of their access to “ordinary” social protection schemes (i.e. unemployment and sickness benefits, and the so-called special “Corona leave” for parents). In most cases, the eligibility conditions of schemes were relaxed, benefits were upgraded and ad hoc benefits and innovative measures were introduced (Baptista et al., 2021).

As for self-employed workers, in general, they were not included in STW and WS schemes (Baptista et al., 2021) and, as mentioned above, in most cases they benefited from specific income replacement support measures. However, the latter have not been researched in depth. As for non-standard workers, research on the measures targeted at the self-employed has focused mainly on how these workers were included in “ordinary” social protection schemes (Spasova et al., 2021). A limited number of preliminary descriptions exist concerning specific income replacement measures targeted at self-employed workers, and most of these show that the schemes provided basic protection only (Spasova et al., 2021; Baptista et al., 2021; Pulignano et al., 2021).

In this article, we use the following definitions: a) worker as defined by the Court of Justice of the European Union as “a natural person who for a certain period of time performs services for and under the direction of another person in return for remuneration” (Lawrie Blum case discussed in Kilhoffer et al., 2019). We further distinguish between (ILO, 2016): “Standard worker”: a natural person having a full-time open-ended contract with an employer; “Non-standard worker”: a natural person having a contract with an employer which falls outside of a “standard working relationship”, i.e. part-time, temporary workers, temporary agent workers, apprentices, country specific categories such as mini-jobbers in Germany, “civil contracts” in Poland and so on (for further discussion on non-standard forms of work, see Strban et al., 2020; Schoukens and Barrio, 2017; Spasova et al., 2017); “Self-employed”: people working on their own account, with or without employees.
Against this backdrop, this article aims at providing an original contribution, examining the unexplored issues of income replacement measures targeted at self-employed workers and examples of the inclusion of non-standard workers in STW/WS schemes. The article has two main purposes underpinned by the following research questions: a) What were the main income replacement measures targeted at the self-employed? b) Were non-standard and self-employed workers included in the existing, or newly created, JR schemes?

The article follows a qualitative methodology and is mainly based on original evidence taken from 28 national European Social Policy Network (ESPN, 2021) reports on the measures taken during the COVID-19 pandemic in the EU27 as well as in the United Kingdom. The time frame of the measures encompasses the period March 2020 to June 2021, during which most full or partial lockdowns were implemented.

The remainder of the article is structured as follows. The next section analyses the main income support schemes targeted at the self-employed (based on previous earnings or paid as lump sums) and provides a first evaluation of their effects. We then focus on how non-standard workers were included in JR schemes by considering particular examples of new measures to include non-standard workers. This is done in relation to the experiences of five EU Member States. Finally, the article concludes on a more general note, highlighting good national practices and identifying gaps and suggestions for improvement.

**Income replacement for self-employed workers:**

**A variety of basic support**

This section focuses on the specific income replacement measures targeted at self-employed workers during the different stages of the pandemic. As emphasized in previous research (Spasova et al., 2021; Weber et al., 2020; Ahrendt et al., 2021), the pandemic drew attention to significant existing gaps in social protection coverage for self-employed workers in most EU Member States. Although EU Member States, and the United Kingdom, took a variety of measures to make access to social protection schemes easier (e.g. relaxing eligibility conditions) and upgraded the amount of benefits, self-employed workers have remained generally excluded from statutory access to many schemes.

To remedy revenue losses during the pandemic, countries introduced several temporary (sometimes one-off), mostly flat-rate and means-tested cash benefits, as well as adapted social contributions and tax relief measures (Spasova 3. Countries that have developed along similar lines are listed in brackets (e.g. AT, BE, BG). The list of country acronyms for EU Member States is presented in the Annex, Table A.1.
et al. 2021). As mentioned, this article focuses only on the role of income replacement measures. It does not deal with general economic measures linked to subsidizing economic activity or measures concerning exemptions/reductions of tax payments and social contributions.

In most cases, the measures were made available during periods of inactivity and low turnover (due to national or sectoral measures restricting activity). Eighteen EU Member States and the United Kingdom provided income replacement support targeted specifically at the self-employed. Before focusing on these countries, it is important to note that the nine EU Member States which did not implement such measures (DE, ES, HR, HU, IE, LU, SE, SI, SK) provided other types of, generally, economic support. The latter were mostly targeted at operating costs or temporary exemption from/reduction of social security contributions and other taxes. Germany, for instance, provided significant economic support to help cover the business costs of the self-employed, “Corona Emergency Aid” (Corona-Soforthilfe), as well as specific help to solo self-employed persons, “New Start Assistance” (Neustarthilfe für Soloselbständige), comprising a one-off lump sum to cover operating costs (Hanesch and Gerlinger, 2021). Ireland established a “COVID-19 part-time job incentive scheme for the self-employed”, intended to encourage and enable these workers to return to work. It was designed as a route out of full-time receipt of unemployment benefits and based on lump-sum payments (Daly, 2021). Moreover, in most countries which did not implement specific income support measures, the self-employed in general do have access to “ordinary” unemployment benefits (DE, HR, HU, ES, LU, SI, SK, SE), and even to the temporary unemployment scheme, as in Ireland and Spain. Indeed, Ireland, which granted self-employed workers with access to the “ordinary” unemployment benefit schemes in 2019, provided these workers also with access to the exceptional Pandemic Unemployment Payment (PUP). In some of these countries (ES, LU, SE), specific eligibility conditions within the “ordinary” unemployment benefit schemes, mostly linked to cessation of activities for the self-employed, were relaxed (Spasova et al., 2021).

The 18 EU Member States, and the United Kingdom (UK), which provided income replacement support can be grouped into two broad categories, according to the way in which the income of the self-employed was replaced. The first group granted income replacement based on previous earnings while the second provided lump-sum benefits. We find this criterion to be of utmost significance. This is because there may be an important difference between receiving a benefit that is calculated on previous earnings, the value of which is closer to the income situation before the pandemic, and receiving a lump sum, the value of which may be completely disconnected from the previous income situation and is oftentimes closer to the minimum income of the country (Table 1).
Of the 18 EU Member States that provided income replacement support, six (AT, CY, DK, LV, PT, RO) provided benefits relative to previous earnings, as did the United Kingdom. These had rather generous replacement rates that mostly sat between 70–80 per cent (and in some rare cases up to 90 per cent, in Austria and Denmark) of previous earnings. Most of these benefits were calculated based on the self-employed worker’s income of the previous year. In some cases, when the self-employed worker did not have income from the previous year, a lump sum was provided. The lowest replacement rate was in Cyprus, at around 60 per cent of weekly earnings. In Latvia, the benefits were also conditional upon the payment of social contributions in general. These replacement rates were comparable to those of STW schemes and of the “ordinary” unemployment benefit schemes.

Nevertheless, in all cases, countries applied upper caps to these benefits. As stated, one of the highest income replacement levels was provided by Denmark, where during the first lockdown self-employed workers could receive 90 per cent of the loss incurred. However, the maximum amount was capped at EUR 3,085 per month. During the second lockdown, the scheme was made easier to access and more generous (Kvist, 2021). Austria introduced a “Hardship fund” (Härtefallfonds) in March 2020, which granted financial subsidies to various categories of self-employed workers, as well as a “Fixed costs subsidy” (Fixkostenzuschuss), which provided income replacement, the so-called “entrepreneur’s salary” for the self-employed. The subsidies provided by the “Hardship fund” were usually calculated using the last available yearly income tax assessment (up to 80 per cent or, in some cases of low earnings, up to 90 per cent), but could also be granted in part as a lump-sum payment if no income tax assessment from an earlier year was available. However, the benefits were capped at a level of EUR 2,000 maximum per month (Fink, 2021). In the United Kingdom, during the first period of its payment, the “Self-employment Income Support Scheme” was paid as a share (80 per cent) of average annual profits over the past three years in the form of a lump sum worth up to the equivalent of EUR 2,850 per month for three months (Bradshaw et al., 2021).

Table 1. Income replacement support for the self-employed in the EU and the United Kingdom

| Benefits calculated on previous earnings | Lump-sum benefits |
|------------------------------------------|-------------------|
| AT, CY, DK, LV, PT, RO, UK               | BE, BG*, CZ, EL, EE*, FI, FR, IT, LT, MT, PL, NL |

Sources: Authors’ elaboration based on ESPN (2021) and Eurofound (2021). Note: The countries (BG and EE) with an asterisk (*) provided income replacement support only for self-employed workers in the cultural sector.
In some cases, the benefits were related to another assessment base, such as the minimum/average national salary or minimum income. For instance, in Romania, the self-employed, upon proving that their activity had been suspended, received 75 per cent of the national gross average salary. Also in Romania, self-employed workers could benefit from a reduced-working time scheme (STW), where the level of the indemnity for reduced worktime for the self-employed was 41.5 per cent of the average gross monthly salary (paid from the state budget) (Pop, 2021). In Portugal, the income replacement rate varied between 50 per cent of the Social Support Index (IAS) and three times the statutory minimum wage, for the specific case of self-employed workers registered as sole proprietors (Perista, 2021a).

*Ad hoc benefits paid as lump sums*

Of the 18 EU Member States that provided income replacement measures, 12 provided lump-sum benefits (BE, BG*, CZ, EL, EE*, FI, FR, IT, LT, MT, PL, NL). In general, the amount paid was close to the minimum income of the country, or sometimes slightly higher. For instance, Poland introduced a special “Lockdown allowance” (Świadczenie postojowe) for people working under a non-standard (civil law) contract, and for the self-employed. Benefits amounted to EUR 462 per month for those obliged to pay value added tax (VAT) and EUR 289 per month for those who are exempt from VAT payment (Chłon-Domińczak, Sowa-Kofta and Szarfenberg, 2021). In Greece, such benefits amounted to EUR 534 per month (Konstantinidou, Capella and Economou, 2021). Lithuania established a special benefit of EUR 257 per month for the self-employed, paid irrespective of whether self-employment activities were restricted due to lockdown, and irrespective of any change in income from self-employment. However, there was a restrictive condition: these workers’ income from employment could not exceed the minimum monthly wage (Navickė, Lazutka and Žalimienė, 2021).

A number of countries where the self-employed do not have access to the “ordinary” unemployment benefit scheme introduced (or extended) so-called “bridging rights”, which may be interpreted as functional equivalents of unemployment benefits. In Belgium, for example, during the first lockdown the monthly benefit for self-employed workers who had to wind up their enterprise, or who had to re-start their enterprise but with a loss of at least 10 per cent of turnover, was EUR 1,291.69 per month for a single person (EUR 1,614.10 per month for self-employed workers with dependents). During the second lockdown

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4. The IAS is used as a reference for state support. In 2020 and 2021, the Social Support Index was equal to EUR 438.81 per month.
in Belgium, the benefit amount was doubled (Van Lancker and Cantillon, 2021). In the Netherlands, the TOZO packages\(^5\) provided a temporary benefit to bridge the loss of income from self-employment, thus providing these workers with a minimum income. The maximum monthly support from the TOZO III package was EUR 1,536 per month (net) for households; EUR 1,075 per month (net) for singles and young people aged 18 to 21 (equivalent to the social assistance level). The TOZO schemes were built on an already existing income support measure for self-employed professionals. However, unlike the latter, TOZO schemes were easier to access as they did not require satisfying eligibility conditions such as a viability test, means testing, and so forth (Molleman, 2021). In Italy, in addition to a EUR 600 per month lump-sum benefit granted to categories of self-employed workers without access to unemployment benefits (e.g. craftsmen, traders and agricultural workers), the country introduced the “Extraordinary allowance to guarantee income and operational continuity” (\textit{Indennità straordinaria di continuità reddituale e operative} – ISCRO) to protect some categories of self-employed workers; the so-called “para-subordinate collaborators”\(^6\). ISCRO was introduced on an experimental basis for the period 2020-2023 (Jessoula et al., 2021).

Finally, two countries, Bulgaria and Estonia, provided income support only to self-employed workers in the cultural sector. For instance, in Bulgaria, freelance artists and performers received a “creative scholarship” of 720 leva (BGN) (equivalent to EUR 360) per month for a period of three months, if their average monthly income was less than BGN 1,000 (EUR 500).

More generally, several countries granted specific support to artists in addition to other support for the self-employed (for example, AT, DE, DK, CZ, PT, NL) (Baptista et al., 2021). This support was mostly in the form of grants provided as lump sums, which were insufficient to guarantee long-term protection, as the eligibility criteria for such support could exclude or be difficult to meet for many freelancers in the creative industries (Pulignano et al., 2021). Among the most generous measures was the Danish scheme to support artists who, in the course of the year, alternate between income from full-time and short-term contracts and freelance work. Artists not covered by any other COVID-related support measures and with an aggregate income below a certain annual threshold were entitled to receive compensation from the Ministry of Culture corresponding to 75 per cent of the expected loss of income (Ahrendt et al., 2021).

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5. *Tijdelijke Overbruggingsregeling Zelfstandig Ondernemers* (Temporary bridging measure for self-employed professionals). There were four TOZO packages in total during the period 2020–2022.

6. These are professional workers who are not members of a specific professional association, and who pay social security contributions to the special fund (\textit{Gestione Separata}) managed by Italy’s National Social Security Institute (\textit{Istituto Nazionale della Previdenza Sociale} – INPS).
Evaluation of the income replacement measures for self-employed workers: Protection limited in generosity and timing

Most EU Member States and the United Kingdom quickly set up emergency income replacement measures to preserve the income of self-employed workers. These extraordinary national measures were also supported by unprecedented EU funding: 32 per cent of the SURE spending mechanism has been allocated to measures for the self-employed. In 2020 and 2021, SURE is estimated to have supported around 9 million self-employed workers (European Commission, 2022), representing 28 per cent of the total number of self-employed workers in the EU. The time frame of the measures under examination in this article encompasses the period March 2020 to June 2021, beginning at the start of the pandemic and covering several consecutive lockdowns. At this stage in 2022, it is difficult to evaluate fully the effects of these measures. Some features of the schemes, however, enable us to offer an initial assessment.

First, most of the schemes provided only basic support through lump sums, the value of which were close to the minimum income. As such, they can be assessed as having provided an insufficient replacement rate of previous income. In the Netherlands, for instance, households that still had an income above the social minimum were excluded from the TOZO schemes, which indicates that the financial support was specifically aimed at guaranteeing only a social minimum for households. Self-employed workers were shown to be vulnerable, as many suffered a loss of income: an estimated quarter of self-employed workers in the Netherlands applied for social assistance support through the TOZO schemes (Molleman, 2021). In Italy, the pandemic revealed a key challenge: how to introduce an income support scheme for the various categories of self-employed workers that provides adequate protection but does not incentivize opportunistic behaviours and the under-reporting of income. The introduction of ISCRO underlined the need to protect the most vulnerable self-employed workers (Jessoula et al., 2021). A more positive assessment can be made in Belgium, where the scheme of “bridging rights” (Droit-passerelle) for the self-employed, especially the doubling of benefits during the second lockdown, was remarkably successful in cushioning the effects of the crisis on workers’ income (Van Lancker and Cantillon, 2021).

In contrast to the previous examples, in countries where the benefit was calculated using previous earnings, the assessments show that self-employed workers were more generously covered than in countries that provided lump sums. In Denmark, the first compensation packages are considered to have provided relatively good coverage of most self-employed workers (Kvist, 2021). In Austria, almost all the solo self-employed applied for the “Hardship fund”, and it appears to have had a substantial impact on safeguarding the income of
self-employed workers and small enterprises (Fink, 2021). Nevertheless, in general, the upper income caps which applied in such schemes limited the extent of income replacement.

Second, access to both types of benefits (benefits paid relative to previous earnings or as lump sums) was subject to a variety of eligibility conditions (e.g. reduction in turnover or inactivity, self-employed with staff, solo self-employed, etc.) that varied according to the period of lockdown and the sector of activity (ESPN, 2021). The minimum requirement concerning a reduction in turnover also varied significantly between countries: (at least) 50 per cent in Austria for the “Hardship Fund”, 40 per cent in Belgium for the “bridging right”, 30 per cent in Denmark for the “Income compensation for the self-employed” (Kompensation for selvstændige), 25 per cent in Cyprus for the “Special allowance for self-employed” (Ειδικό επίδομα ανωτέρως εργαζόμενων), etc. 7 In other countries, there was no such requirement, and self-employed workers were entitled to benefit regardless of whether or not their income changed or whether their activity was restricted (e.g. LT, LV). In some cases, these benefits could not be cumulated with other support.

Finally, when the ad hoc benefits were dependent on the previous payment of social contributions, there were high rates of rejection of claims, which brings to light the issue of the underreporting or non-payment of contributions (Spasova et al., 2017). In Latvia, for example, the initial rules governing the COVID-19 furlough allowance resulted in a high rate of rejections (62 per cent of all cases). As regards applications made by self-employed workers during the first 2020 lockdown, 29.5 per cent were rejected. The major reason for rejections was insufficient levels of social insurance contributions, and many workers who lost their earnings did not apply for the allowance in the knowledge that they would not qualify (Kļave, Rajevska and Rajevska, 2021).

Importantly, as previously discussed, in some countries income replacement support was limited to specific categories of self-employed work, such as people working in the cultural sector in Bulgaria and Estonia.

The pandemic spotlighted significant gaps in the social protection of self-employed workers, which triggered the need to implement emergency measures to safeguard their income and activity. Evidence from a Eurofound survey shows that in April 2020, 58 per cent of self-employed respondents reported that their household faced financial difficulties. This proportion fell slightly to 46 per cent by early 2021 (Ahrendt et al., 2021). This may be because the restrictive measures were by then less stringent in several countries than during the complete lockdowns of early 2020, and because the measures had evolved and, in several cases, the duration of the benefits had been extended and

7. It should be also noted that these shares also varied during the different periods of the lockdown.
upgraded (Baptista et al., 2021). In countries that did not provide specific income replacement, such as Germany, where the schemes targeted at self-employed workers largely involved operating subsidies, it is generally felt that they did not address the special situation and needs of solo self-employed workers. Only at a very late stage (and with an inadequate level of income security) was a programme developed to stabilize their business and income situation. Once again, the inadequate level of protection available to self-employed workers, and to the solo self-employed in particular, was exposed (Hanesch and Gerlinger, 2021).

The social situation of self-employed workers, particularly of those working through digital platforms, have been discussed in several countries. This is especially so concerning issues of access to social protection (e.g. DE, IE, IT, LI, PT) (ESPN, 2021; Spasova et al., 2021 and 2022). In Ireland, for instance, there have been debates on possible future developments, such as the potential for access to social insurance-style protection based on the broad principle of labour market participation, rather than the usual conventions of employment status or contribution history (Daly, 2021).

The coverage of non-standard workers by job retention schemes: Towards greater inclusion

In this section we discuss how non-standard workers have been included in job retention schemes. Among European countries, the use of job retention schemes is not new. During the 2008 financial crisis, many adopted short-time work schemes (STW) or wage subsidies (WS) to help address the serious consequences of the recession on income and employment levels. Short-time work schemes directly subsidize hours not worked (there is a requirement for reduced working hours), while wage subsidies either provide an income replacement for the hours worked or can also be used to top up the earnings of workers on reduced hours. Another difference between STW and WS concerns the eligibility requirements.

In the case of wage subsidies, the eligibility criteria are linked to the situation of the enterprise, whereas in the case of STW they relate to the adjustment in working time experienced by the worker (Drahokoupil and Müller, 2021). Following the same rationale, generally a wage subsidy scheme is either paid flat-rate or related to the severity of the impact of the crisis on the enterprise. For short-time work schemes, wage replacement is proportional to the reduction in employees’ working hours (Drahokoupil and Müller, 2021). It is important to highlight that there is not always a clear-cut division between these two types of schemes. In some countries, working time can be reduced to zero hours, as in the cases of Austria and Germany, whilst in most of the other countries a minimum threshold of hours worked is necessary (Müller and Schulten, 2020).
During the height of the pandemic, 8 15 EU Member States (plus the United Kingdom) used STW schemes (AT, BE, BG, CZ, DE, ES, FR, HU, IT, LU, LV, PL, PT, SE, SI), six provided a WS scheme (CY, EE, FI, IE, MT, NL), while six provided both (DK, EL, HR, LT, RO, SK) (Baptista et al., 2021). These schemes varied considerably between countries, not only regarding the type of assistance provided (STW or WS), but also in terms of the reduction in working hours, conditions of payment, the level of benefit and the extent to which the State/employers financed the subsidy allowance. Several national laws introduced during the pandemic made these schemes more generous and extended the maximum duration of job retention while, at the same time, protecting workers against dismissal in a more substantial way than the legislation in place at the time of the Great Recession. Moreover, most countries made several changes to the initial conditions during the various stages of the pandemic. Thus, several of these schemes evolved over the course of the pandemic (Baptista et al., 2021).

Since the Great Recession, STW and WS schemes in most European countries have also included non-standard workers, such as part-time and fixed-term employees and temporary agency workers (Müller and Schulten, 2020). However, some gaps persisted, and during the pandemic changes were made to bridge these gaps by including some categories of non-standard workers, such as apprentices and temporary agency workers (Baptista et al., 2021).

In the subsections that follow, we examine the five EU Member States where important changes in this direction have taken place. Specifically, Belgium, France, Germany, Italy and Spain included some previously excluded categories of non-standard workers in their schemes at the beginning of the COVID-19 crisis. This has been an important step, since the sectors most affected by COVID-19, such as accommodation and food services (mostly due to the collapse in tourism in Southern European countries) (Dauderstädt, 2022), employ a large proportion of non-standard workers (OECD, 2020a).

**Belgium**

Since 1940, Belgian legislation has contained provisions on a “Temporary unemployment scheme” (Chômage temporaire; previously Chômage technique) to adjust employees’ working time in response to various circumstances (e.g. economic factors, technical accidents and “force majeure”). During the COVID-19 pandemic, to address reductions in income levels, the Government increased the level of the subsidy from 65 per cent to 70 per cent of monthly

8. The duration of these schemes varied greatly, mostly following the health measures taken during the pandemic, which are not presented in this article. We invite interested readers to look at the ESPN national reports for the precise timing of the measures.
income until the end of 2020 (and in case of force majeure, an additional EUR 5.63 a day was also granted). In addition, a supplement to the year-end bonus was paid to workers who had been on temporary unemployment for at least 52 days (Van Lancker and Cantillon, 2021).

Regarding coverage, at the beginning of 2009 during the Great Recession, the Belgian government extended the STW scheme to include part-time and temporary workers. Belgium thus entered the pandemic crisis in 2020 with job protection schemes already geared towards covering non-standard forms of employment. Nonetheless, gaps remained and at the start of the COVID-19 crisis, new legislation was implemented to include temporary agency workers who could exceptionally claim temporary unemployment during a COVID-related break from work. However, this was conditional upon the continuation of their agency work with the same employer. An important challenge linked to this condition is that it is often difficult for these workers to prove that they have already been taken on by the employer for a new temporary contract (Van Lancker and Cantillon, 2021).

**France**

The “Partial activity” scheme (Activité partielle) is a short-time working scheme compulsory for any contractual worker, irrespective of whether the employer has given his or her agreement; the reduction of working hours covered by the scheme goes up to 100 per cent of the legal working-time (i.e. 35 hours per week) and is limited to 1,607 hours per year and per employee (Huteau et al., 2021). In the context of COVID-19, additional measures were adopted to make STW more generous and/or to relax eligibility conditions, as well as to include new categories of workers with non-standard contracts. As regards non-standard work, as of March 2020, the scheme gave part-time workers the same rights to a monthly remuneration as full-time employees; apprentices too were compensated with 100 per cent of their usual remuneration (ETUC, 2020). Importantly, the French government radically amended the legislation on the existing short-time work schemes to specifically include categories of workers who were previously not covered, such as employees whose working hours cannot be fixed in advance (for instance, freelances, sales representatives, domestic workers paid on a piecework basis, intermittent workers in the entertainment industry, models, and students).

The French STW scheme thus became more inclusive and experienced one of the highest take-up rates in the EU, reaching more than a third of the working population (OECD, 2021).
Germany

In Germany, the relaxation of eligibility criteria as well as the increase in generosity were made possible through the introduction of special COVID-19 STW rules in March 2020; namely, the “Work of Tomorrow Act” (Arbeit-von-Morgen Act). The introduction of this Act temporarily allowed the Federal Government to react quickly and flexibly to exceptional conditions in the labour market by issuing statutory orders on short-time work without the approval of the Parliament. For instance, due to the COVID-19 crisis, the Government both reduced the threshold for the minimum number of employees (from 30 per cent to 10 per cent) who had to work short-time and agreed to pay the social security contributions for people on short-time work benefits, which were previously paid by the employer (Hanesch and Gerlinger, 2021).

Importantly, one key element of the new legislation was the extension of STW, albeit limited to a crisis-related temporary rule, to temporary agency workers who were excluded from the previous scheme. This move is credited with pre-empting greater labour market segmentation (OECD, 2020b). However, no coverage was provided for mini-jobbers, one of the most severely affected groups of employees, although the employment and income risks of workers in this marginal form of employment have been known for years (Hanesch and Gerlinger, 2021).

Italy

Italy was the first EU Member State to introduce lockdown measures that severely limited commercial and economic activities. On 16 March 2020, to cushion the consequences of the pandemic, the Government adopted the “Cure Italy Decree” (Decreto Cura Italia), which extended the existing “Ordinary Wages Guarantee Fund” (Cassa integrazione guadagni ordinaria – CIGO) and the “Extraordinary Wages Guarantee Fund” (Cassa integrazione guadagni straordinaria – CIGS) short-time work schemes to the entire labour force by introducing the reduction of working time due to COVID-19 as an additional reason for enterprises to claim these benefits (Jessoula et al., 2021). The amount of the Italian COVID-19 STW allowance corresponded to 80 per cent of the previous wage for hours not worked, up to a ceiling of EUR 998.18 or EUR 1,199.72 – applicable for wages below and above EUR 2,159.48, respectively (Jessoula et al., 2021). Also, in April and May 2020, a flat-rate allowance was paid to domestic workers and carers who, in February 2020, were employed on a job contract with a minimum of ten working hours per week and had no access to other forms of support, such as
the Citizenship Income (Reddito di cittadinanza – RdC) or the Emergency Income (Reddito di Emergenza – REM) (Jessoula et al., 2021).

The extension of the Italian STW schemes was applicable to all employees, irrespective of the contractual arrangement and, as similarly the case in France and Spain, also covered apprentices. Finally, the STW scheme was extended several times and by different decree-laws until the second wave of COVID-19 occurred in October 2020, to protect workers whose working hours were reduced because of the new social distancing measures.

Spain

In Spain, access to the “Programme of Temporary Adjustment of Employment” (Expediente de Regulación Temporal de Empleo – ERTE) was granted to all employees, including non-standard workers. During the COVID-19 crisis, the Spanish STW scheme experienced a massive increase in take-up rate compared to the Great Recession – from less than 1 per cent during the Great Recession in 2009 to more than 20 per cent of those employed in the Spanish labour market in 2020.

In March 2020, the Government introduced some reforms to make the STW scheme more flexible. Moreover, due to the socioeconomic and public health consequences of COVID-19, the Government also temporarily simplified the conditions for access for short-time work, which vary depending on why the scheme is required (force majeure or economic, technical, production-related and organizational reasons). The reason for the request must also be given to establish the thresholds of hours to be worked by the beneficiary. A COVID-19 related temporary lay-off scheme was considered as force majeure. Accordingly, employees received full unemployment benefits, up to a maximum of 70 per cent of their gross salary (Cabrero et al., 2021).

The most important change made during the COVID-19 pandemic has been that with this new legislation, employees on fixed-term contracts and shift workers9 are now also covered, on the same basis as other employees, by measures linked to short-time working. The categories of workers included in the new legislation also now include apprentices, most of whom are aged 18–25 (ETUC, 2020).

Conclusion

This article has explored how the EU Member States, and the United Kingdom, protected the self-employed and non-standard workers through income

9. A shiftworker is an employee who works shifts and receives extra payment for working shift hours.
replacement and job retention schemes during the COVID-19 pandemic across the period March 2020 to June 2021. While non-standard workers generally have been covered since the Great Recession by job protection schemes, such as short-time work schemes and wage subsidies, the extension of income replacement schemes for the self-employed has only become a widely used phenomenon during the pandemic. Therefore, this article focused first on analysing the underexplored area of specific income replacement measures targeted at self-employed workers. Second, the article considered five national experiences of inclusion of previously excluded categories of non-standard workers.

Regarding self-employed workers, most of the EU Member States, and the United Kingdom, quickly implemented income support measures to remedy income losses. These measures were key to tackling workers’ lost earnings, especially in cases where the self-employed worker had no access to unemployment benefits. The article identified two groups of benefits: those which are paid as a share of previous earnings and those paid as lump sums. Only in a smaller number of countries were the benefits calculated relative to previous earnings, providing income replacement closer to those earnings, albeit with upper caps on benefits applied. In most of the countries, income replacement for the self-employed was provided as a lump sum equivalent or close to the guaranteed minimum income level of the country. In general, such benefits offered only basic protection. In many instances, they were also subject to a variety of eligibility criteria, usually pertaining to the percentage reduction in turnover, means testing and, in some cases, to contribution histories and previous incomes. In some countries, the benefits were targeted only at a certain category of self-employed worker.

As far as the inclusion of non-standard workers in job protection schemes is concerned, the specific cases of Belgium, France, Germany, Italy and Spain were presented. Compared to the Great Recession, Belgium and Germany acted to include temporary agency workers in their new legislations, whilst France, Italy and Spain extended social coverage to the younger population by including apprentices and other types of non-standard workers. However, gaps remain, such as the absence of coverage for mini-jobbers in Germany. Although there has been widespread progress in the coverage of non-standard workers compared to the Great Recession, there is still room for improvement, to permit non-standard workers to be included permanently in STW or WS schemes, and not just in the context of the pandemic emergency.

Indeed, temporary measures do not address the need to expand social protection permanently to those who are not covered. This article shows that the countries adopted urgent measures to fill gaps in social protection, but important challenges remain. In this respect, in relation to the identified gaps, we highlight some further reflections and points for improvement regarding such crisis-related measures.
Concerning income replacement measures for self-employed workers, we believe that such measures should be enshrined in permanent legislation. In the event of a crisis, these measures would have to be activated/and or adapted. As most countries introduced such measures during the pandemic, these may serve as a first steppingstone facilitating the permanent setting up of such schemes. As for the design of such measures, they tended to evolve during the crisis, in most cases towards more generous levels of income replacement. In this respect, eligibility requirements should be adapted to the specificities of the country’s self-employment context/labour market situation so that they are not too restrictive or place barriers to access for certain categories of the self-employed. Clearly, schemes offering cash benefits with replacement rates calculated as a share of previous income are more generous and closer to the previous level of earned income than lump sums. Linked to this, and to the importance of anticipating future crises and making such schemes permanent, a question arises. During the pandemic, countries financed most of the measures from their own state budget. If such schemes are made permanent and geared to providing adequate protection for self-employed workers, it will be important to reflect on the need to pay contributions proportionate to the potential risks.

As far as short-time work and wage subsidy schemes are concerned, we have examined the inclusion of non-standard workers. As such, our research does not provide broader policy pointers on the general design of such schemes (for such discussions, see Muller and Schulten, 2020; Drahokoupil and Müller, 2021; Baptista et al., 2021). However, we do highlight the importance of ensuring that all work contracts are covered by such schemes before a crisis begins. It is difficult to justify the exclusion of some categories of work from temporary schemes, whilst others are covered and financed by the state budget. In times of economic stability, such temporary schemes should be re-evaluated, notably to see which workers are not included and to progressively extend coverage to them.

These income support measures were also expensive, paid from the state budget (Baptista et al., 2021) and in several cases supported by the EU SURE mechanism. As emergency measures, they did not involve the risk-pooling and co-financing that takes place when all workers are insured.

It will be interesting to observe whether improvements in the existing situation will take place, especially for the self-employed who faced unemployment more often than employees during the pandemic (Weber et al., 2020). This is not surprising, given the fact that employees were protected by STW and WS schemes. The ad hoc schemes applicable to the self-employed were temporary stop-gaps and this category of worker will continue to need access to improved social protection after the pandemic. Given their limited access to social protection in several EU Member States (European Commission, 2021b), the
self-employed are among the categories of workers most at risk of poverty in periods of protracted recession.

More generally, within the context of the evaluation of the 2019 Council Recommendation on access to social protection for workers and the self-employed, it will be interesting to follow political debates on the possible inclusion of some categories of non-standard workers, such as digital platform workers (see Van Lancker, 2021; Perista, 2021b) and the self-employed, particularly in “ordinary” unemployment benefit schemes. The COVID-19 crisis has highlighted significant coverage gaps in many EU Member States in this respect (Spasova et al., 2021). By adapting the rules of existing national insurance schemes, the development of a comprehensive “post-COVID” scheme would have clear advantages by creating social security of equal value for all (Schoukens and Barrio, 2017), while appropriately addressing the specific needs of the self-employed (Schoukens and Weber, 2020).

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A. Appendix

Table A.1. List of acronyms for European Union Member States

| European Union Member States | Austria | Italy | Belgium | Latvia | Bulgaria | Lithuania | Croatia | Luxembourg | Cyprus | Malta | Czechia | Netherlands | Denmark | Poland | Estonia | Portugal | Finland | Romania | France | Slovakia | Germany | Slovenia | Greece | Spain | Hungary | Sweden | Ireland |
|-----------------------------|--------|-------|---------|--------|----------|-----------|---------|------------|--------|-------|---------|-------------|---------|--------|---------|----------|--------|---------|--------|----------|---------|---------|---------|--------|---------|
| Austria AT                  |        |       | Belgium BE        | Latvia LV        | Bulgaria BG | Lithuania LT | Croatia HR | Luxembourg LU | Cyprus CY | Malta MT | Czechia CZ | Netherlands NL | Denmark DK | Poland PL | Estonia EE | Portugal PT | Finland FI | Romania RO | France FR | Slovakia SK | Germany DE | Slovenia SI | Greece EL | Spain ES | Hungary HU | Sweden SE | Ireland IE |

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