



## Dear Readers,

We are still under the grip of the COVID-19 pandemic. It is severely testing our health and social systems, our societies and economies, and the way we live and work together.

The consequences for the European and global economy are also hard to predict. Our social security systems are being put to the test again, if not even more extensively, after the financial crisis of 2008. Companies are facing the threat of insolvency. Many people are worried about their jobs.

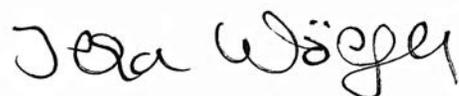
In Brussels, the European Commission, under the presidency of Ursula von der Leyen, is launching numerous initiatives to coordinate the containment of the crisis. In terms of the economy and the labour market, these include, in particular the “NextGenerationEU” European recovery plan for the next generation, liquidity aid for companies and the SURE (Support to mitigate Unemployment Risks in an Emergency) instrument to continue to secure jobs.

In Germany and many other Member States, social security instruments such as national short-time working arrangements and other support packages have been implemented over the past few months. Overall, we note that countries with comprehensive and established social security structures, such as the German Social Insurance have been comparatively better able to cushion the effects of the crisis.

However, it very quickly became clear that some population groups would be disproportionately affected by the economic consequences of the pandemic. The COVID-19 pandemic has made us particularly aware of weaknesses in social security.

This is why the latest issue of ed\* focuses on three of these particularly affected groups: the self-employed, first-time job-seekers and people with disabilities. We provide an overview of the impact of the crisis on their employment, their inclusion in income support measures and policy recommendations for the recovery period after the COVID-19 crisis.

We hope you find it an interesting read!



Ihre Ilka Wölfle

# Support people, preserve jobs

## Challenges and measures for the social protection of groups particularly affected by the coronavirus crisis – an overview<sup>1</sup>

The self-employed are not protected against loss of earnings.



## The COVID-19 crisis from the perspective of the self-employed

The starting position of those, who are self-employed is vastly different to that of employees in terms of their social security. While most employees are protected against loss of earnings by social insurance and other social security schemes, this is generally not the case for the self-employed.

The Member States are making enormous financial efforts to prevent unemployment. To some extent, this is done through grants to companies with the aim of maintaining business

operations, above all, by activating and reinforcing instruments such as the short-time working grant.

Such instruments are of little use to many “atypical” employees, particularly the self-employed. In particular, in systems that compensate for unexpected and temporary losses of income, no, or very little, security is provided for them in many cases. They are usually not eligible for the short-time working grant.

<sup>1</sup> The following statements are intended to provide an initial overview of weaknesses in social security, initial policy recommendations and measures as well as prospects for the period following the COVID-19 pandemic. They are not exhaustive.

## Measures and policy recommendations

Therefore, it is logical for SURE to expressly include protection for the self-employed to reduce unemployment and loss of income.

The measures taken at Member State level reveal certain structures in the social security for the self-employed against the risk of sudden loss of income. While the self-employed already had access to some form of unemployment insurance before COVID-19, the conditions for accessing those benefits have been relaxed, benefits have been extended (Italy, Spain) and additional benefits have even been introduced, such as in Luxembourg, Switzerland, Slovakia, Slovenia, the Czech Republic and Poland.

In France and Belgium, even before the coronavirus crisis, the self-employed received a kind of 'unemployment

There is insufficient or no protection for the self-employed.



benefit' in case of insolvency. This can be claimed even now for COVID-19-related discontinuance of business operations in certain circumstances. In Belgium, however, social security contributions must have been paid beforehand. In addition, there are regional government aid programmes, which, among other things, also provide grants to self-employed people, who have had to close down their businesses.<sup>2</sup> France maintains a seven billion euro solidarity fund to support small businesses.<sup>3</sup>

In countries, where the self-employed were not protected by unemployment insurance before COVID-19, the rules applicable to employees were generally not simply adopted.<sup>4</sup> In some countries, a – usually low – lump sum payment is made.<sup>5</sup> Other countries compensate for the loss of turnover or income but only up to a certain limit.<sup>6</sup> Occasionally, the self-employed are also eligible for a state refund of social security contributions as in Estonia and Greece, or even a (partial) suspension of payment as in the Czech Republic.

The situation is difficult for the self-employed, who have worked informally, as in most cases proof of income prior to the outbreak of COVID-19 is required in order to benefit from the support.<sup>7</sup> In some cases, prior registration of the activity is required.<sup>8</sup> Or the payment is linked to the condition of membership of the social security scheme.<sup>9</sup>

Targeted additional measures to protect the self-employed against loss of income due to illness is difficult to find during the COVID-19 crisis. That would have been reason enough to "improve" – if only to prevent the self-employed

<sup>2</sup> European Social Insurance Platform (ESIP), Social Security and COVID-19, <https://esip.eu/covid-19-pandemic>; Service public fédéral, Sécurité Sociale, <https://socialsecurity.belgium.be/fr/elaboration-de-la-politique-sociale/droit-passerelle-pour-independants>.

<sup>3</sup> Centre for European Policy (CEP), What European States are doing in the Coronavirus Crisis, CEP Coronavirus Briefing No. 7/2020 of 28/5/2020, p. 4.

<sup>4</sup> Only in the United States is there evidence that unemployment protection has been extended to the 16 million self-employed and another 1.5 million gig workers.

<sup>5</sup> This is the case in Bulgaria, Finland, Greece, Ireland, Italy, Lithuania, Poland, Slovenia and the Czech Republic.

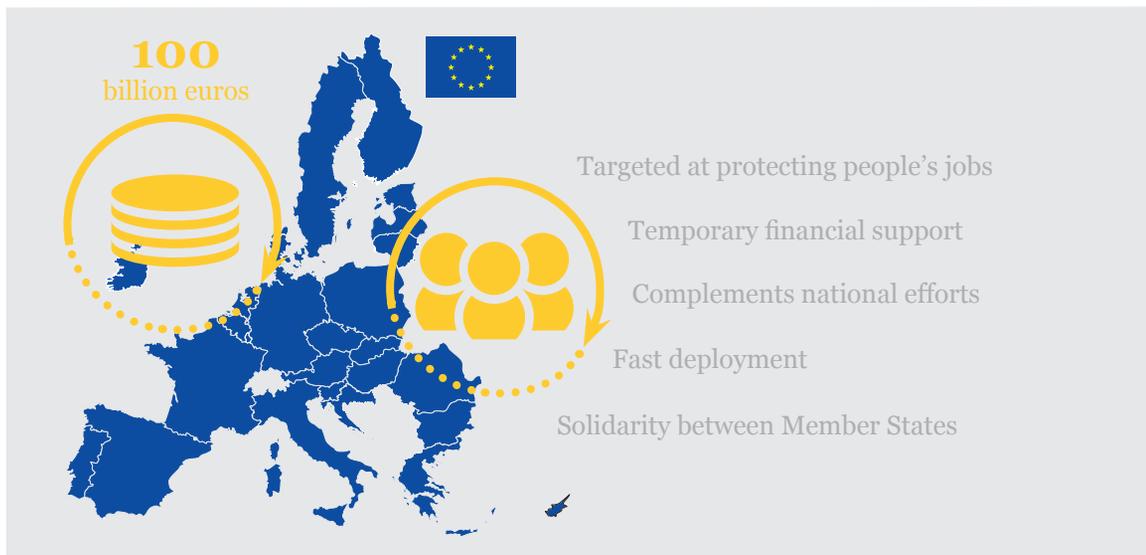
<sup>6</sup> This is the case in Denmark, Great Britain, Latvia, the Netherlands, Norway, Austria, Portugal, Romania and Cyprus. In Germany, these payments are expressly intended to maintain the business only and not to cover living expenses.

<sup>7</sup> This is the case in Bulgaria, Denmark, Finland, Great Britain, Italy, the Netherlands, Norway, Austria, Portugal, Romania and Slovenia.

<sup>8</sup> For example in Denmark, Lithuania, Luxembourg and the Czech Republic.

<sup>9</sup> This is the case in Belgium, Great Britain and Switzerland, and apparently also in the Czech Republic and partly in Luxembourg.

## The SURE European rescue package



from continuing to work in spite of COVID-19 symptoms. In many cases, there is only inadequate cover, or no cover at all. Only 15 of the 27 Member States of the EU have made access to sick pay compulsory.<sup>10</sup> With regard to the loss of income due to illness of self-employed persons with care obligations, the European Foundation for the Improvement of Living and Working Conditions (Eurofound) states that newly introduced or adapted support systems have been extended to cover groups of people not previously protected, such as the self-employed.<sup>11</sup>

### 'Lessons learnt'?

Back in the financial crisis of 2008, almost all Member States introduced some form of 'short-time working grant' to avoid a massive loss of jobs. In this respect, 'lessons have been learned'. Where Member States have failed to make their national budgets more resilient during the recovery, and now lack sufficient funds to fully implement labour market policy support measures such as short-time work, the SURE 100 billion euro European rescue package can help. However, it is debt-financed, so ultimately not a blueprint for the future.

Social security of the self-employed is fragmentary. Therefore, they have been included in the various support packages but often at a much lower level than employees.

In terms of the future, the question arises whether the Member States will continue to protect the self-employed after the crisis and whether they will standardise the benefit components that were initially introduced on a temporary basis and transfer them to the social security system. The prospects for this seem rather bleak. The Member States consider their support as temporary aid. There is another reason for doubt about the continuation of aid after the crisis: The programmes are debt-financed, thus unsustainable.

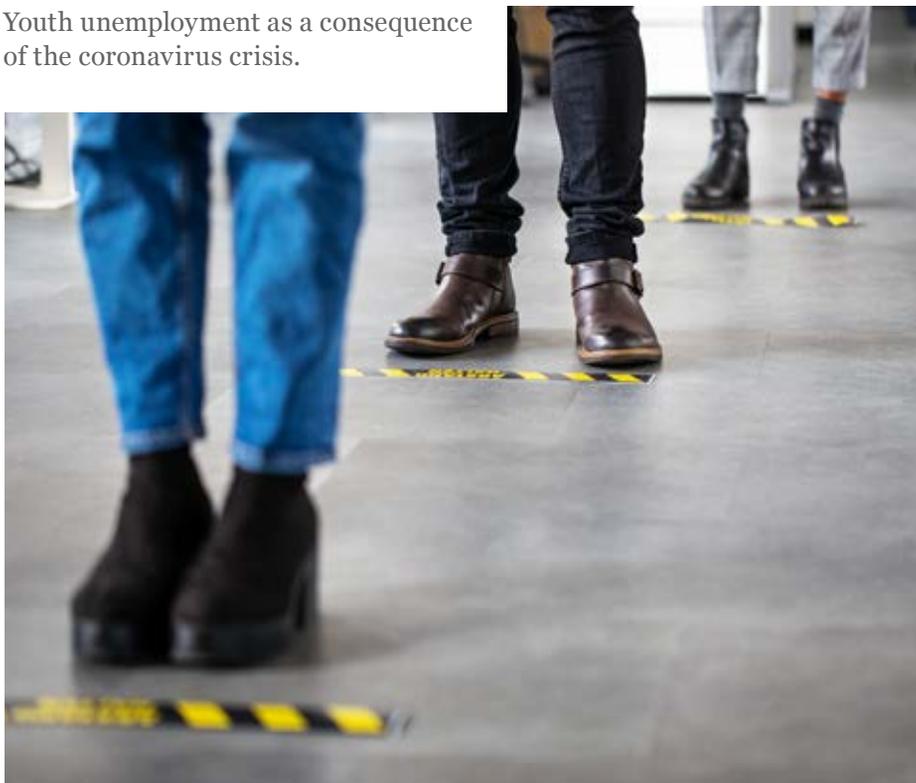
<sup>10</sup> In addition, some platforms have organised sickness benefits for their platform workers – drivers and suppliers – through a private insurer, such as Uber.

<sup>11</sup> Eurofound, COVID-19: Policy response across Europe, 2020, p. 45.

## The COVID-19 crisis from the perspective of the younger generation

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Youth unemployment as a consequence of the coronavirus crisis.



The International Labour Organization (ILO) warns of a 'lockdown generation'. Behind this lies the concern that youth unemployment could be even more serious as a result of the coronavirus crisis than it was after the financial crisis of 2008. At that time there was already talk of a 'lost generation'.

Even before COVID-19, young people aged 15-24 were around three times more likely to be unemployed than those over 25.<sup>12</sup> According to the ILO, one in six young people between 18 and 29 years of age (17.4 per cent) have stopped working since the outbreak of the coronavirus crisis.

For those remaining in employment, the hours worked have dropped by 23 per cent<sup>13</sup> In addition, four out of ten young people worldwide work in sectors that are particularly affected by the crisis, such as tourism or retail.<sup>14</sup> Dismissals are more likely to occur than for older employees because of the often lower protection against termination. The chances of finding a new job in the collapsed labour market are lower than for people with work experience. And training places are also harder to find in times of crisis.

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<sup>12</sup> See Youth and COVID-19: impacts on jobs, education, rights and mental well-being, ILO Survey Report 2020, p. 13.

<sup>13</sup> See Youth and COVID-19: impacts on jobs, education, rights and mental well-being, ILO Survey Report 2020, pp. 13 and 16.

<sup>14</sup> Preventing exclusion from the labour market: Tackling the COVID-19 youth employment crisis, ILO Policy Brief, May 2020, p. 9.

## Measures and policy recommendations

International organisations such as the Organisation for Economic Cooperation and Development (OECD) and the ILO recommend that companies provide economic incentives for the recruitment of young workers and invest in vocational training.<sup>15</sup> Most of the government measures taken so far have benefited those, who have retained their jobs. Targeting and profiling strategies to reach the young people most affected could help to counteract the feared development. It could also be helpful to invest in economic sectors and related employment services suitable for young job-seekers.<sup>16</sup>

At European level, the European Commission has launched the 'Youth Employment Support: a bridge to jobs for the next generation' initiative. This includes a Council recommendation to strengthen the 'Youth Guarantee' and extend its scope to vulnerable young people throughout the EU aged 15-29.

In addition, the European Alliance for Apprenticeships (EAfA) has increased the number of vocational training opportunities available for young people to more than 900,000. The EAfA brings together governments and key stakeholders with the aim of improving the quality, range and attractiveness of apprenticeship training in Europe and at the same time, promoting the mobility of apprentices. In addition, short-term employment and business start-up incentives and, in the medium term,

capacity building, the creation of networks of young entrepreneurs and cross-enterprise training centres should help promote the employment of young people.

The European Commission is encouraging Member States to invest at least 22 billion euros, mainly from the European Social Fund Plus (ESF+), in youth employment under the Multiannual Financial Framework 2021-2027 (MFF). Until its entry into force, funds are available from the increase in EU cohesion programmes (2014-2020). These have been topped up by 55 billion euros through the REACT-EU initiative to help bridge the gap between the initial crisis measures and longer-term recovery (reconstruction and redevelopment).

For their part, some European countries have already taken measures for training and entry into the labour market. Where measures

have been taken to promote career entry, they range from subsidies to companies to the promotion of quality internships and the waiving of social security contributions for employers. In France, for example, as part of the '1 jeune, 1 solution' programme, grants are given to companies to recruit trainees. For trainees under 18 years of age, the subsidy is 5,000 euros and for trainees over 18 years it is 8,000 euros.<sup>17</sup> Young people without qualifications are offered new qualification courses. France is also planning to create 16,000 apprenticeships in the healthcare sector to double the training capacity of carers and nurses over the next five years. The programme has a budget of 6.5 billion euros.

<sup>17</sup> See Youth employment | Presentation of the "1 jeune, 1 solution" plan, press release from the French Ministry for Employment, Labour and Integration, 23 July 2020, <https://travail-emploi.gouv.fr/actualites/l-actualite-du-ministere/article/emploi-des-jeunes-presentation-du-plan-1-jeune-1-solution>.

Vocational training as a job opportunity.



<sup>15</sup> See OECD, <http://www.oecd.org/employment-outlook/>.

<sup>16</sup> See ILO Monitor: COVID-19 and the world of work. Fourth edition, 27 May 2020, p. 2, [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_745963.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_745963.pdf).

With the 'Kickstart' scheme, Great Britain aims to create 30,000 new training positions and also offers companies subsidies according to age from 1 August 2020 to 31 January 2021 of 1,500 to 2,000 British pounds (approximately 1,600 to 2,200 euros) for each newly recruited trainee. In addition, hundreds of thousands of high quality 6-month internships will be created for people aged 16-24 years receiving social benefits. A fund of two billion pounds is earmarked for 'Kickstart'.<sup>18</sup>

With the 'Securing training positions' Federal scheme, Germany aims to supplement existing funding instruments. Companies that maintain or expand their training level should receive training grants. Small and medium-sized enterprises (SMEs) that take on trainees from other

SMEs that have become insolvent due to the pandemic will receive a take-over premium. The possibility of temporarily continuing with the training in inter-company vocational training centres should be promoted. Austria also wants to significantly increase the number of places in inter-company vocational training from autumn onwards so that all young people have a chance of finding a training position.

#### Lessons learnt?

The ILO fears that young people are not only currently disproportionately affected by the COVID-19 crisis but that this will also have consequences for their future professional life. This can have negative effects on employment prospects, income and pensions.<sup>19</sup>

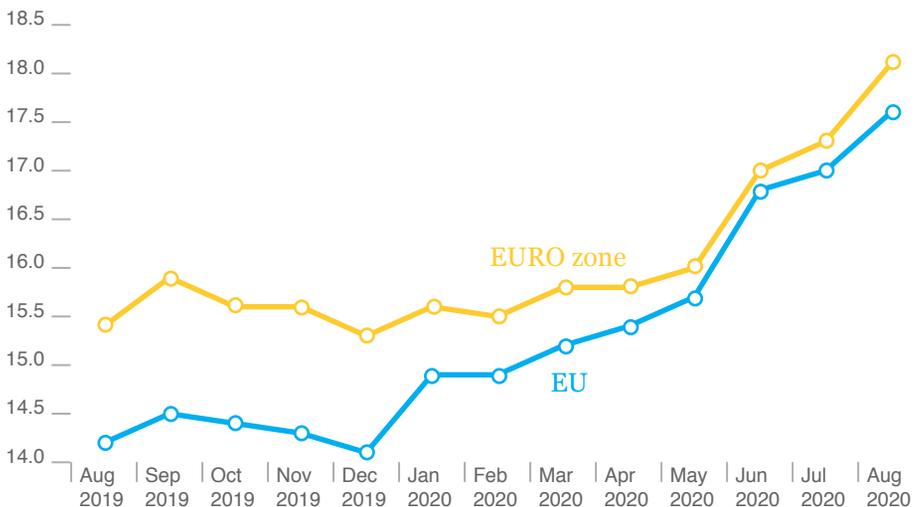
It remains to be seen whether it will be possible to effectively counter the looming rise in youth unemployment and all its consequences. Even after the financial crisis of 2008, it rose to a record high of 24.4 per cent by 2013 and despite measures such as the Youth Guarantee, it took another six years until it fell back to 14.9 per cent at the end of 2019. However, it was still twice as high as the EU average general unemployment rate. In view of the high level of sovereign debt, not all countries will have sufficient resources to counter youth unemployment. EU funds could help here.

Another question is whether the precarious situation of many young people can be sustainably remedied in the long term. Atypical employment forms such as platform work, with all the advantages and disadvantages of flexibility are increasingly common among young people. The European Commission has announced a study specifically on the access of young people to social security. The requirements for various social security benefits in different forms of employment should be recorded. In particular, the study will support the exchange of best practices.

<sup>18</sup> See policy paper 'A Plan for Jobs 2020', 8 July 2020, <https://www.gov.uk/government/publications/a-plan-for-jobs-documents/a-plan-for-jobs-2020>.

<sup>19</sup> See ILO Monitor: COVID-19 and the world of work, fourth edition, p. 2, [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_745963.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_745963.pdf).

## Increase in youth unemployment in %



Age group below 25. Data source: Eurostat

## People with disabilities in the COVID-19 crisis

Social isolation, difficult access to social services and care, a lack of accessible information and a higher risk of developing more severe cases of COVID-19 are a few examples that show that people with disabilities are particularly affected by the COVID-19 pandemic.

In addition to social and health impacts, the economic consequences are also disproportionately high. Experts fear that people with disabilities are at higher risk of losing their jobs. In Germany, the number of severely disabled people registered as unemployed with the Federal Employment Agency, for example, rose from 157,523 in March to 175,188

in July 2020. This was 20,638 more people than in the same month last year (July 2019).<sup>20</sup>

Because of the difficulty of finding a job in the mainstream labour market, those affected are often left with only a job from the informal sector. This excludes them from contributory social insurance schemes and, in times of coronavirus, often from state aid measures designed to compensate for loss of income. For those, who are employed, the lack of equipment or personnel support available at the workplace may make it difficult to work from the home office, further increasing the risk of job and income loss. Those, who worked in workshops have been affected by the closures of the facilities. This has had a negative impact on their pay, which is often dependent on the income generated by the workshops. Ultimately, against the background of higher expenditure, for example for barrier-free housing, aids and necessary services, even the indirect impact of COVID-19 measures increases the risk of poverty for people with disabilities, in particular when the income of family members and thus, the total income of the household, decreases.

Problems in the home office arise due to the lack of equipment and personnel support.



<sup>20</sup>See monthly reports on the labour and training market for March 2020 and July 2020, Federal Employment Agency.

## Measures and policy recommendations

A number of international organisations have called for the involvement of people with disabilities in the response to the crisis. In May 2020, the Secretary-General of the United Nations, António Guterres, called on governments to put people with disabilities at the centre of measures to respond to the COVID-19 crisis. On 18 May 2020, 138 countries, including the EU and its Member States, signed a common declaration for an inclusive response to COVID-19 that takes into consideration people with disabilities.

The ILO is calling for people with disabilities to be included in all stages of the response to the pandemic.<sup>21</sup> In addition to immediate assistance, such as maintaining personal support and participation in the workplace, this involves, in particular participation in planning, the allocation of financial resources and employment promotion programmes, as well as ensuring inclusive labour markets and adequate social security that supports employment and economic independence. Benefits are often based on the assumption of ‘incapacity to work’, which reinforces prejudice and creates disincentives to seek work. Measures in response to the crisis should not perpetuate these misplaced incentives.

The European Parliament, in its resolution on the new EU strategy for people with disabilities after 2020, also called for the lessons of the COVID-19 pandemic to be taken into

account.<sup>22</sup> The measures taken by the Member States should be analysed and reviewed for gaps. It had already previously called for the inclusion of people with disabilities in all income protection measures.<sup>23</sup>

The first measures taken by Member States in response to the pandemic were short-term assistance packages. A one-off payment of 70 million euros has been made to the integration offices in Germany for workshops, where people with disabilities work to compensate for lost earnings. For the months from June to August 2020, an “interim aid for small and

medium-sized enterprises that have had to cease business operations completely, or to a significant extent, during the course of the coronavirus crisis” scheme was launched. This scheme will also benefit inclusive companies. For the months from April to June, Austria has temporarily increased the job security subsidy granted to employed people with disabilities by up to 50 per cent. The self-employed were given the existing bridging allowance of 267 euros per month, which can be granted, in the event of a disability-related need, even without providing proof.

<sup>22</sup>In its response to the request from Member of the European Parliament, Janina Ochojska, the European Commission already predicted that the new strategy will also include lessons learned from the crisis (E-002774/2020), [https://www.europarl.europa.eu/RegData/questions/reponses\\_qe/2020/002895/P9\\_RE\(2020\)002895\\_EN.pdf](https://www.europarl.europa.eu/RegData/questions/reponses_qe/2020/002895/P9_RE(2020)002895_EN.pdf).

<sup>23</sup>Resolution of the European Parliament of 17 April 2020 on coordinated EU measures to combat the COVID-19 pandemic and its consequences (2020/2016(RSP)).

Various measures for people with disabilities are intended to secure jobs.



<sup>21</sup> COVID-19 and the World of Work, ensuring the inclusion of persons with disabilities at all stages of the response, ILO Policy Brief, June 2020, p. 4 et seq.

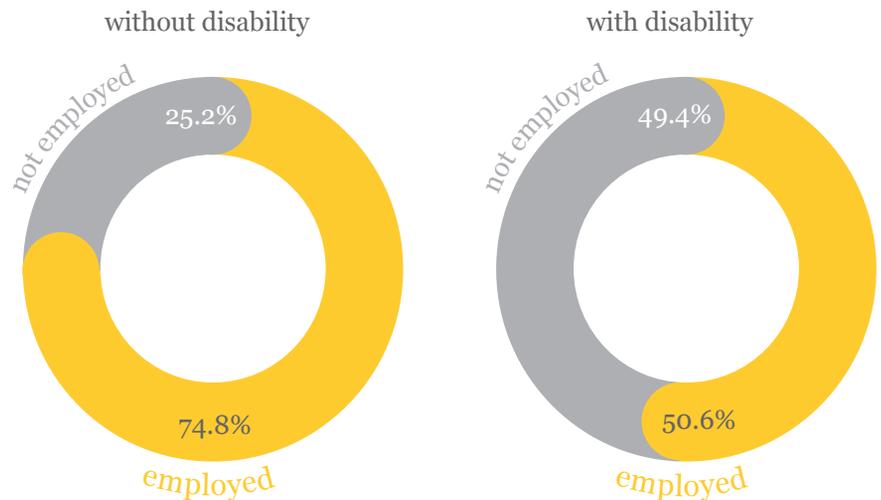
### Lessons learnt?

Even before the crisis, it was more difficult for people with disabilities to find employment with appropriate conditions and adequate pay. In the EU, only 50.6 per cent of people with disabilities are employed, compared to 74.8 per cent of people without disabilities.<sup>24</sup>

The European Parliament is calling for an ambitious post-2020 EU strategy with clear and measurable targets, including a list of planned actions with a clear time frame and resources, among others, in the areas of participation, independent living, employment and training. Member States are also being called upon to develop and better implement measures to promote the participation of people with disabilities in the labour market. Those, who work in sheltered workshops should be recognised as workers within the meaning of the law and it should be ensured that they are entitled to the same social security benefits as other workers.

It is still too early to assess whether measures taken, or to be taken, actually take account of the experts' recommendations, in other words, reduce the risk of poverty faced by people with disabilities and contribute to a more inclusive labour market.

## It is more difficult for people with disabilities to find employment



The policy recommendations on employment and social security for people with disabilities, however, are largely 'already known ones'. Despite all the technical progress and political demands, statistics on the creation of inclusive labour markets have hardly changed in the last 20 years. Only about 50 per cent of job seekers with disabilities get a job. Measures with measurable targets and a clear time frame, as proposed by the European Parliament could help reduce the gap between policy recommendations and reality.<sup>25</sup>

<sup>24</sup> European Disability Forum, <http://www.edf-feph.org/employment>.

<sup>25</sup> European Association of Service Providers for Persons with Disabilities (EASPD), 'Inputs on next European Disability Strategy' policy paper, December 2019. In a policy paper with recommendations for the new EU strategy, the EASPD points out that it would even be only 25 per cent if people with disabilities, who were not considered capable of working were included.

## Have we really learned our lesson?

Considering the starting position of the three groups described above, who are particularly affected by the effects of the pandemic, one thing common among them is that they often do not benefit from the short-term aid measures made available to compensate for loss of income and were already considered 'vulnerable' before the crisis with regard to the security of their income and social security.

In the short term, ad hoc measures may help to mitigate the effects of the COVID-19 pandemic, although the affected groups often fall through the net of measures. However, whether we have learned our lesson from the crisis will also depend in the long term on whether we succeed in reducing the vulnerability of these groups and fundamentally remedying the weaknesses in the social systems. The COVID-19 pandemic has highlighted the weaknesses in social security for these groups and once again demonstrated the need for longer term measures.

Whether the measures are sufficient will become apparent in the long term.



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