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#InformalTalks Webinar 3

How to extend social protection to informal workers?

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Informal economy and social protection

- Tight links between the two concepts as informal economy is defined by the non benefit of social protection or the absence of payment of social contributions
- Consequently extending coverage is key for ensuring the transition from the informal to the formal economy as stipulated in ILC/ILO recommendation 204 adopted in 2015

Informal economy and social protection in the international agenda

The Agenda 2030 for Sustainable development enshrined, this same year, the target of

- Extending coverage in SDG 1 “No Poverty”: Target 1.3 “Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable”
- Universal health coverage in SDG 3 “Good health and wellbeing”: Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
- transition to formality in SDG 8 “Decent work and economic growth”: Target 8.3 “Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises”

What is meant by social protection? (1)

- Social security based on statutory contributions and corresponding to various types of risks: health, maternity, occupational safety and health, old age, unemployment...
- Non-contributory social assistance: (means-tested) schemes of cash transfers or in-kind transfers, conditional or non conditional, funded through taxes or international aid: struggle against poverty, hunger, etc.
- Other social safety nets through labour intensive works: cash for work or food for work
- Traditional social safety nets: solidarities among populations based on family, ethnic, geographical ties (role of remittances)

What is meant by social protection? (2)

Risks	Responses
Illness (medical expenses ; loss of income)	Health insurance
Maternity	Maternity coverage
Family responsibilities	Family allowance, childcare
Disability	Disability insurance, programmes for disabled
Old age	Pensions
Occupational injury and illness	Work injury insurance
Death	Life insurance
Extreme poverty	Social safety nets, guaranteed employment, cash and in-kind transfers
Unemployment	Unemployment benefits, skills training
Climate, natural disasters, war and long-term fragility	Emergency relief

Extending coverage (1)

- Several major challenges:
 - The self-employed represent the bulk of the informal economy and statutory contributions to social protection are difficult to apply and to collect
 - Informal paid employees in the formal sector and in the households, who are not covered or insufficiently by social protection, have no interest to claim for their rights because fearing to loose their jobs
 - Public or private intervention, or also social and solidarity economy as main tool for extending coverage?

Extending coverage (2)

- Workers in the informal economy are in the “missing middle”
- They are excluded from contributory schemes (by inadaptation of the tools)
- They are excluded as well from social assistance schemes and social safety nets (because they have a job)

Trends toward exclusion

- Budget cuts
- Urbanisation and the rise of individualism
- Externalisation: the putting out of wage-workers and their transformation into self-employed and dependent workers
- Sub-contractualisation and casualisation within integrated supply chains

Why extend social protection?

- Social protection is a right
- Social protection benefits workers: healthier, more productive, empowered
- Social protection benefits everyone: avoids disruption and social unrest, promotes social and political stability
- Workers pay for it through sales tax and VAT even if not through income tax or profit
- It is each person's interest to spread the risks onto as many other shoulders as possible
- Social protection boosts livelihoods, households' ability to invest and to take productive risks and increases national economic resilience

The legal and institutional framework

- Necessary to identify what exists and what is accessible to informal workers
- Existing programmes generally focus on the formal part of the economy
- Improving or reforming systems depends on good governance and awareness of the situation of informal workers
- Necessity to recognise informal work

Three main general approaches aiming at universal coverage

- Make publicly funded schemes universal
- Design framework law to cover the whole informal economy, within which sector-specific schemes can be implemented progressively
- Develop piecemeal schemes for each sector (industry-by-industry) and try to ensure there are no gaps

Some guiding principles

- Discuss with stakeholders
- Provide a minimum level of social protection
- Give priority to short term needs but balance with longer term
- Encourage enterprises to become formal
- Provide incentives for workers
- Enhance transparency and accountability
- Improve technology
- Improve coordination between contributory and non-contributory programmes
- Train staff and raise awareness

Sources of funding

- Social protection arrangements managed by trade unions, community groups or other bodies can be added to government-managed schemes
- Informal employers can pay fees directly into a social protection fund for a specific sector of industry (to avoid individual registration of each worker)
- Unique tax system based on other criteria than the wage bill (Monotax in Argentina)
- More or higher benefits for higher contributions

How to improve access to social protection?

(1) Problems with access

- Information
- Affordability: levels and regularity/periodicity of contributions
- Type and quality of benefits: inappropriate benefits and difficulties in obtaining them with complaints unaddressed
- Time and place: remote offices with inconvenient opening hours
- Processes : difficulties in registering and contributing: queues, complexity, need of repeated visits, unfriendly staff

(2) Improving access

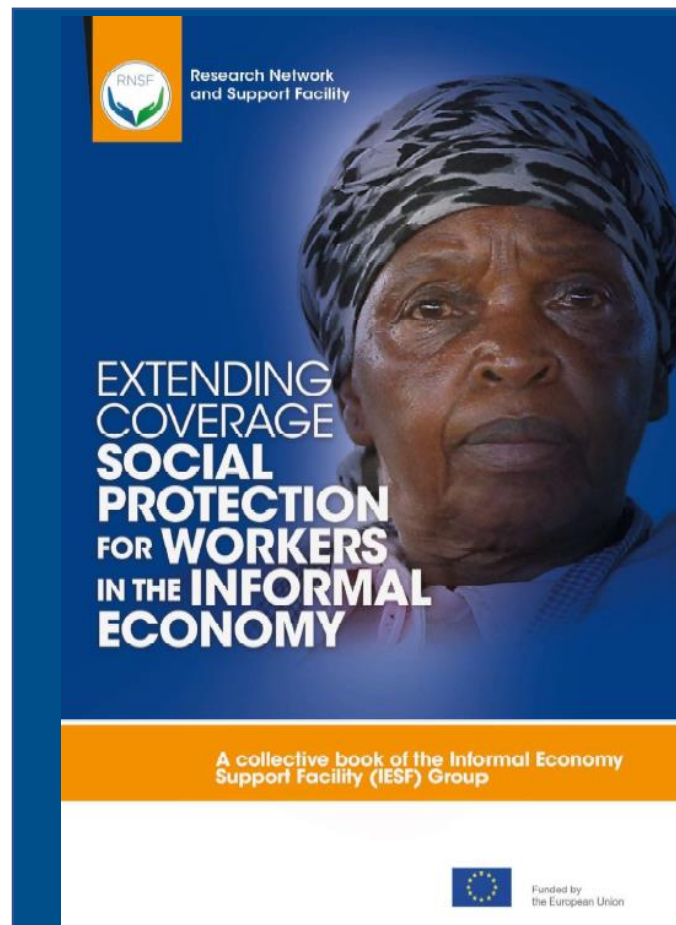
- Adapt benefits: additional short-term benefits might include death and funeral assistance, education for children, support for housing, skill-building, purchase of equipment for work
- Such items enable informal workers to meet their immediate needs and act as incentives to join the scheme and further invest in long-term benefits
- Adjust requirements: make contributions flexible and affordable; make qualifying conditions more flexible; ease payment procedures
- Make it easier to get benefits: use of two facilities at the same time: near home and near workplace: smart cards can help for that

Improving access (3) Role of NGOs and social and solidarity enterprises as intermediaries

- Assessing needs
- Running publicity campaigns
- Raising awareness of informal workers about their rights and helping them navigating across the plethora of schemes, criteria and procedures
- Lobbying governments and employers and documenting activities
- Acting as representatives or intermediaries for groups of informal workers
- Helping informal workers to get the benefits they are entitled to and ensuring quick and efficient disbursement of benefits and reviving membership
- Helping informal workers organise their own social protection schemes
- Organising collective registration at market places or elsewhere

Examples of good practices

- SEWA's Shakti Kendras (empowerment centres) to help navigate the bureaucracy in India
- AVSI's GESCOs in Côte d'Ivoire are micro-finance institutions with a function of health insurance
- Ghana's health insurance for kakayei headload porters in Accra through dialogue between women and officials of NHIS ending with the opening of special drives for registering at subsidised costs near workplaces (WIEGO)
- Ghana's shea nuts women producers organised in community groups and cooperatives for bundling volumes and improving quality, but also for adhering to the NHIS



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Thank you

The views expressed in this webinar do not necessarily reflect the views of the European Commission.





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Next webinars on **October 30**: “Organizing and mobilizing informal workers”
and on **November 29**: “Good Practices on the informal economy”

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