



RESEARCH, NETWORK
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Informal Talks Webinar 3

EU approaches to support the extension of social protection to informal workers?

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Informality and Social Protection (some recent data)



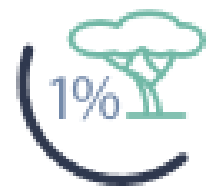
2 billion workers globally are in informal employment, representing 61% of all workers and

- > 70 % in SSA, > 60 % in SA, > 50% in LA
- > 75% of youth and older workers
- 94% of all workers in agriculture
- 92% of women in LMIC are in informal employment
- 57% in industry

Worldwide, only 29% of the working-age population and their families have access to comprehensive social protection systems. This figure falls to less than 13% in Sub-Saharan Africa.



In SSA, only 5.1% of GDP is spent on Social Protection, where 70% of population is informal.



In low-income countries, of those in the poorest quintile, only 18% are covered by social assistance and 2% by social insurance. The corresponding rates increase to 77 and 28% in upper-middle-income settings.



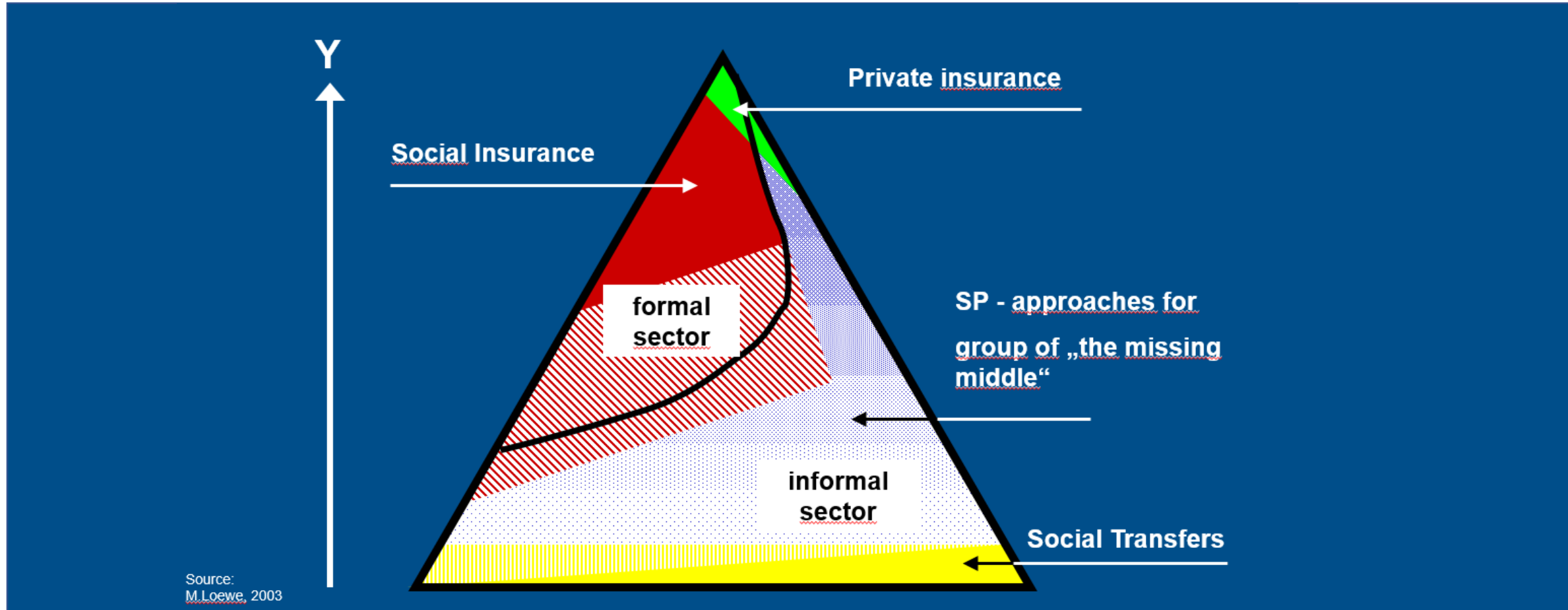
The OECD observed in selected countries large movements in and out of informality within relatively short periods 2-7 years.

Only 33% of informal HHs enjoy health insurance (against 71% of formal worker HHs).



Sources: WDR 2019 (WB); WSPR (ILO); KIIbIH (OECD)

Social Protection for the Informal Sector

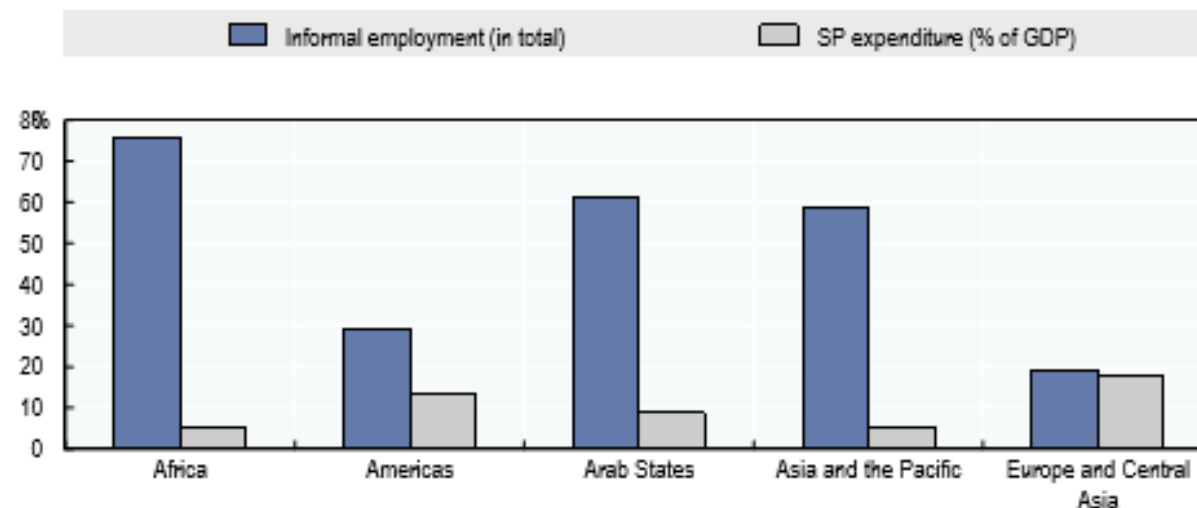


Challenges faced by many countries

- Large gaps in social protection
 - Adequate protection limited to those in formal employment
 - Informal workers often not eligible for poverty-targeted programmes
- Absence of appropriate risk-management instruments make informal economy workers vulnerable to income poverty.
- Women are overrepresented in most vulnerable employment categories
- In particular children and elderly people are exposed to informality.
- Synergies between formal and informal social protection are often neglected.
- Lack of representation: Informal economy remains outside the tripartite social dialogue.

Example from OECD study:

The higher social protection spending, the lower informal employment



Note: Excludes spending on health.

Source: ILO (2011), World Social Protection Report 2010/11: Providing coverage in times of crisis and beyond, ilo.org/global/publications/books/WCMS_142209/lang--en/index.htm; ILO (2017).

Ways to improve access to SP for the informal sector



Overcome major structural challenges of social protection



SYSTEM

- Better integration of social assistance/social insurance
- More sustainable/equal funding bases
- Supply side of social services
- Increase enforceability regulatory environments
- Better consumer protection

Generate conceptional, regulatory, instrumental innovations



- Foster citizens rights to SP
- Open formal sector SP
 - Dedicated arrangements- contributions, eligibility, benefits
- Include preventive/integrative strategies
- Systematic registration of all contributors and beneficiaries
- Better include all stakeholders in social dialogues

Make SP adaptive to the needs of different informal workers



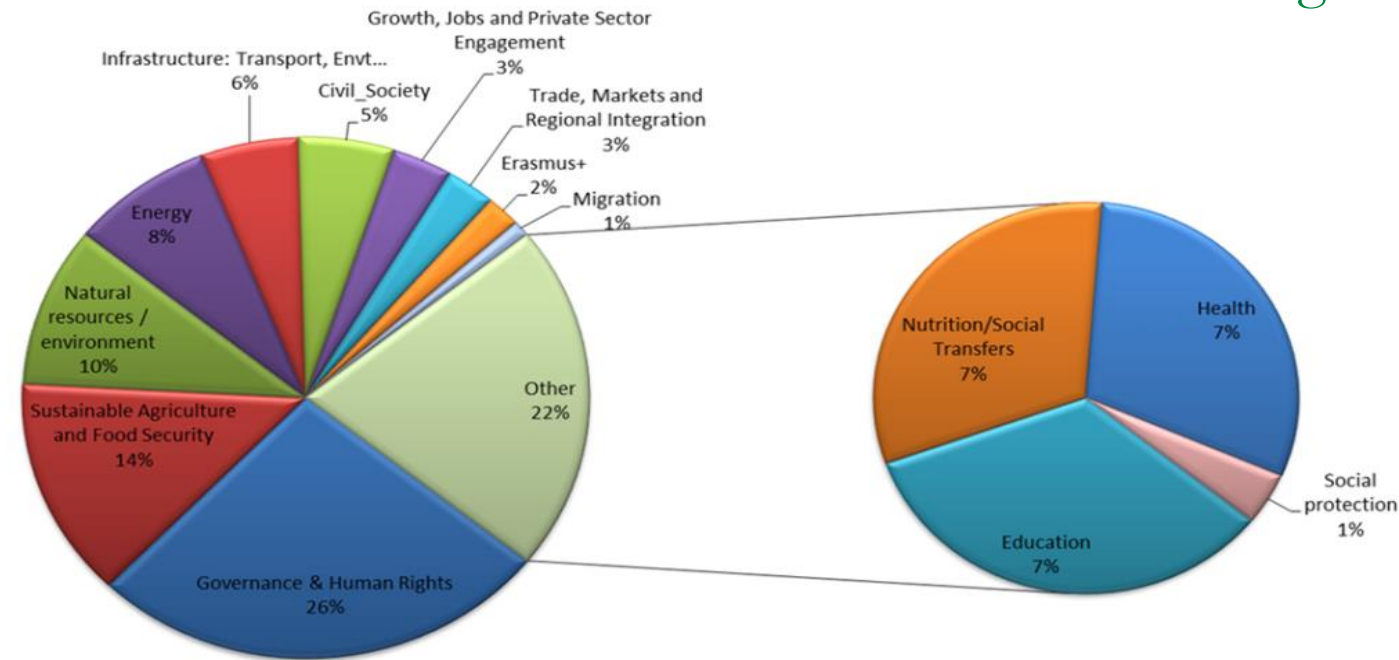
- Provide general SPF guarantees
- Develop sector specific and context-specific approaches
 - Crop shortfall
 - Failure of production tools
 - Access to credits
 - Labour market support (i.e. public works, skills, capacity building)



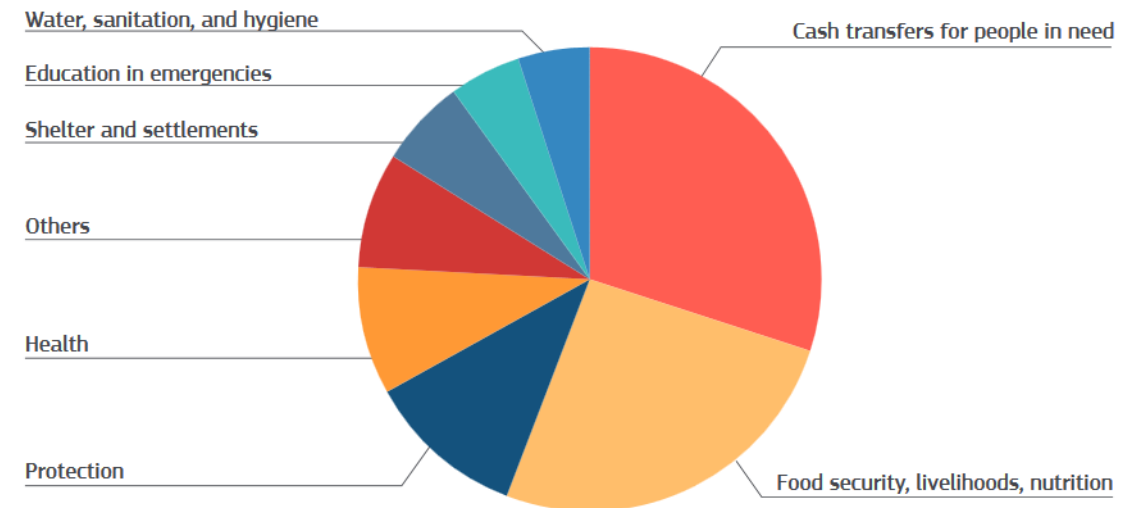
SP in the DEV budget

EU responses

- The **New European Consensus on Development (2017)** enshrines the commitment from the EU and its Member States to support "efficient, sustainable and equitable social protection systems...".
- The Consensus reaffirms a **rights-based approach** and also revalidates the **2012 EU Communication on Social Protection in Development Cooperation**
- At least 20% of its Official Development Assistance (ODA) to social inclusion and human development.
- But.....



SP in HUM budgets



EU programmes - Extension of social protection to informal workers



Morocco: Support UHC - Extension of the contributory statutory health insurance to the independent workers (liberal professions, taxi drivers) together with an improvement of health service performance.

El Salvador: Support of the national Plan on Social Inclusion 2014-2019 – The plan focuses on the poor, on the excluded and vulnerable to guarantee the exercise of their rights of access to universal social services (with special emphasis on children and adolescents).

Regional level

AU Support Programme

Facilitates implementation of the AU MSMEs Productivity Capacity Building and SPIREWORK

Migration and Mobility Dialogue (MMD) – Project on Extending Social Security access and portability to migrant workers (including informal workers)

Global level

- **EU SPS** – Research and Capacity building on extension of SP coverage to informal sector.
- **SOCIEUX+** – on demand - Support coverage extension to the informally employed (Colombia, Cambodia, Peru).
- **SPaN** – Guidance Package on Social Protection across the Humanitarian – Development Nexus
- **New Global Action** on – Social Protection and PFM

Active donor coordination at global (SPIAC-B), EU and partner country level

EU Social Protection Systems (EU SPS) Initiative

OECD Development Centre Studies

Tackling Vulnerability in the Informal Economy

Insights from the Analysis of Micro and Macro Data



SOCIEUX+

Expertise de l'UE pour la protection sociale, le travail et l'emploi

SOCIEUX+

European Union Expertise in Social Protection, Employment and Labour

Ce partenariat est dirigé par



SOCIEUX+ Example 1 - Social protection coverage in the informal economy (Colombia, 2016 - today)

General Objective: To outline an integrated social protection policy addressing inclusion strategies for workers of the informal economy

Expected results:

- i. The possible structural weaknesses in the establishment of an integral social protection policies targeting workers of the informal economy are identified;
- ii. Targeting criteria for the eligibility to social protection schemes for workers of the informal economy are identified;
- iii. Legal frameworks and inter-institutional public policies that formalize integrated approaches for the social protection of workers belonging to the informal economy are established;
- iv. Monitoring and evaluation systems aimed to ensure the coverage of rights-holders are established

Activities:

- | | |
|-----------|--|
| Dec 17: | Assessment of measures for workers belonging to the informal economy in the city of Bogotá. |
| April 18: | Consultation of 17 district entities, in addition to the local municipalities, which are directly involved in the offer of services directed to the informal vendors and their families. |
| Sept 18: | Definition of criteria and targeting and income measures for beneficiaries of social protection systems and programs |
| Nov 18: | Definition of a monitoring system for social protection programs for informal workers. |

Example 2 – Support to the extension of social protection (Cambodia, 2016)

General Objective: Support the extension of and strengthen social protection in Cambodia to all non-poor population groups in the informal sector and the development of monitoring and evaluation of the whole social protection system.

Results:

- Assessment of recent policy developments, and of the institutional and organisational capacities of the MEF in the area of social protection. Donor interventions in both contributory and non-contributory sectors were succinctly mapped.
- Activity: Three-days training on pensions systems for MEF staff, designed and executed jointly with ILO. The training enabled MEF staff to assimilate general and key concepts on social protection and pension regimes.
- Participants acquired an understanding of the role and mandate of institutions responsible for the management of pensions. It also provided room for discussing various aspects of regional Asian pension schemes.



European
Commission

Welcome to the
European Commission's

SPaN

Social Protection across the humanitarian-development Nexus



And the goal of this?

Supporting states in
building protection
systems that cover
the needs of all.

- Results from a close inter-service collaboration between DEVCO-ECHO-NEAR
- Aims at illustrating and providing practical guidance how social protection can help bridging the humanitarian-development divide.
- Focuses on most challenging settings: fragile and conflict-affected countries; contexts of forced displacement
- Target audience: European Commission practitioners, but also EU MS practitioners.

EU's approaches to support Social Protection

Systematization

Integrate Social Protection into a more comprehensive system of policies and programmes to

- better tackle poverty and vulnerability over the life cycle,
- strengthen pro-poor and inclusive economic growth and social development,

Better advocating and better embed social protection strategies

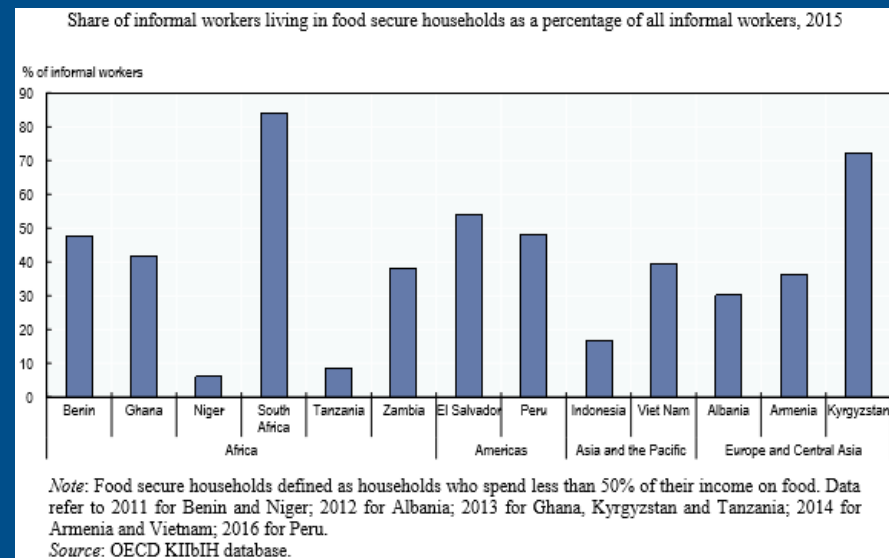
in policy dialogues and budget support operations within a larger development framework

Leverage synergies

- between sectors and across nexuses (humanitarian; migration, climate, security)
- between national contexts and international development
- between political and technical levels

→ Orientation towards the Agenda 2030 and the gradual achievement of USP

Example OECD study:
Informal workers' capacity to pay for SP is not negligible but varies across countries



New global programme: Improving synergies between SP and PFM

- Mainstream systematic support to EU Delegations

- ✓ to better use social protection for the impact of EU BS operations
- ✓ Programme design tools
- ✓ Implementation tools

- Preferred implementing partners:

- ✓ ILO
- ✓ UNICEF
- ✓ GC-SPF

- ✓ AND: Incl. EU MSs



- Provide comprehensive technical assistance to a few partner countries with EU BS operations

- ✓ strengthening the existing SP system
- ✓ Establishing/harmonizing programmes
- ✓ Make implementation more effective.



Thank you

Questions & Answers

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





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How to extend social protection to informal workers?

Next webinar in October 30:
“Organizing and mobilizing informal workers”

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