

▶ Extending Social Security to Workers in the Informal Economy

Webinar – Launch of the ILO Resource Package in Russian

Christina Behrendt

Quynh Anh Nguyen

International Labour Organization, Social Protection Department, Geneva

Date: Tuesday / 4 June 2020



► The COVID-19 pandemic exposed serious coverage gaps in social protection systems

Many countries are urgently extending social protection as a crisis response including to workers in the informal economy

Countries with social protection responses



Colours range from minimum number of measures (light blue) to maximum (dark blue)

► Many countries have extended coverage to workers in the informal economy as part of their COVID-19 response

Extending effective health coverage

- Remove legal, administrative and financial barriers to effective health care (e.g. China, Korea)
- Enhancing financial protection (e.g. Thailand)
- Ensuring income security in case of sickness/quarantine (e.g. Ecuador, Venezuela)

Reaching informal workers

- Channelling income support through quick and safe identification and delivery mechanisms, e.g. digital technologies (Brazil, India, Costa Rica, Thailand), partnerships with informal workers' organizations)
- Social security institutions as channels to facilitate future transition

Providing income support

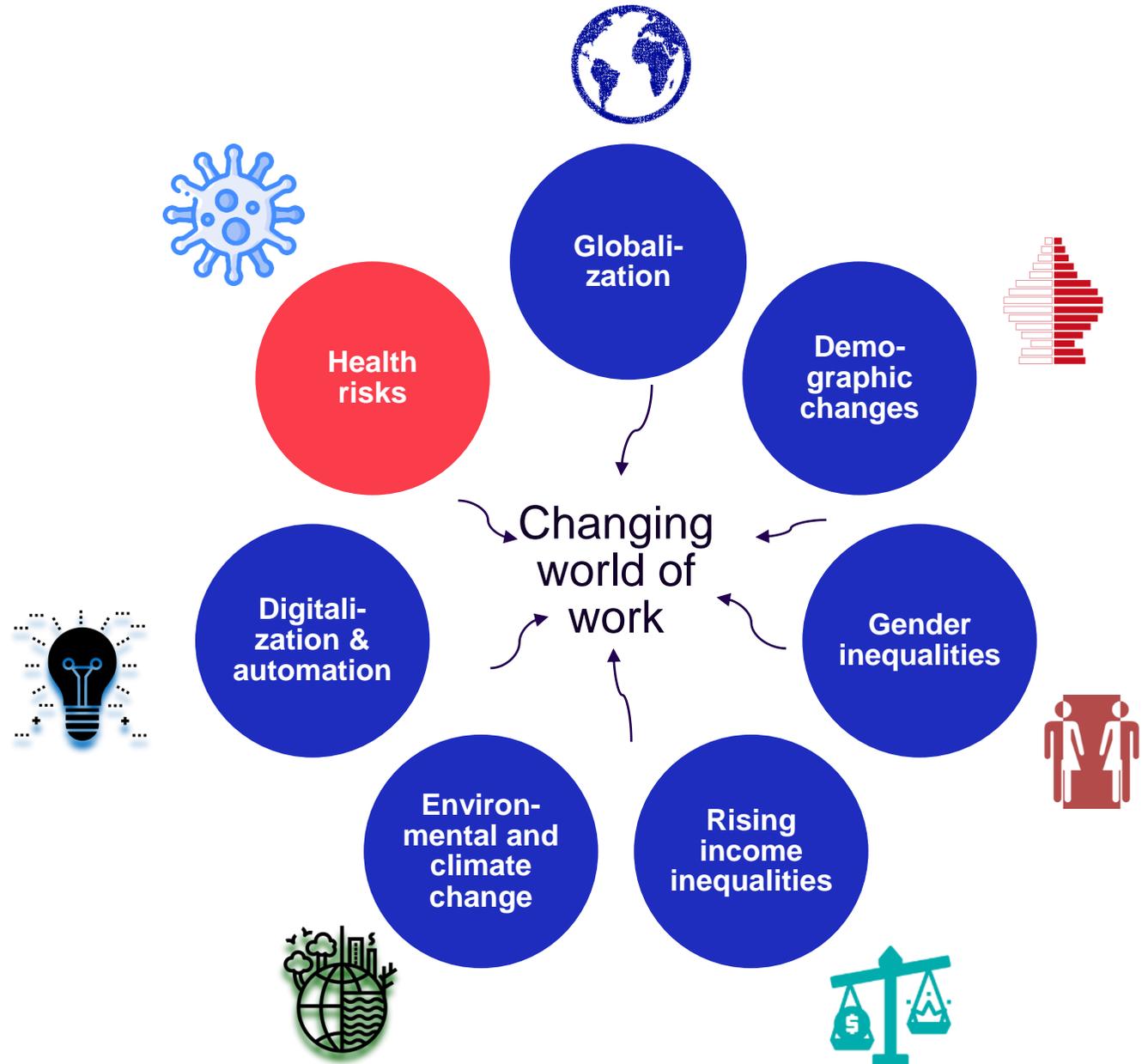
- Increasing adequacy of benefits, advancing payment of benefits (Thailand)
- Extending coverage to previously uncovered workers (e.g. UI in Bahamas, Morocco)
- One-off payments (e.g. Togo (targeted), Hong Kong (universal), Thailand, Vietnam)

Coordination with other policies

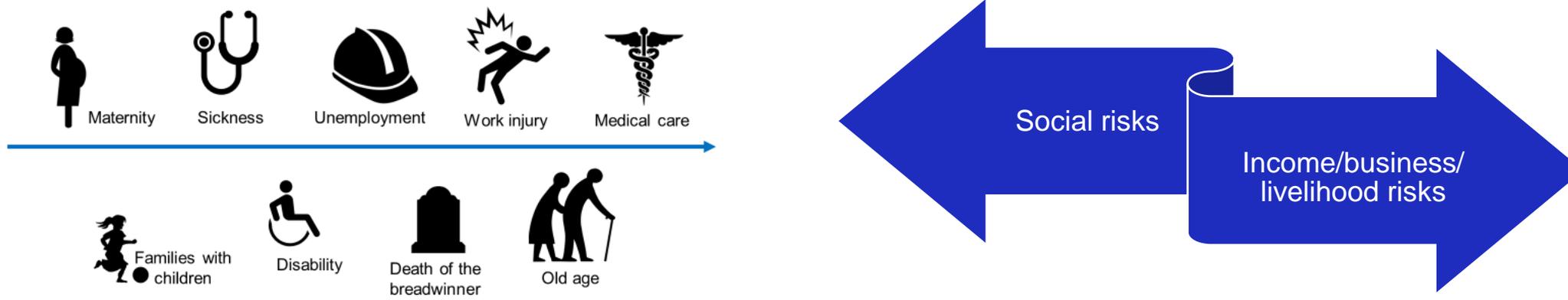
- Financial support to MSEs, e.g. grants, subsidized loans, grace periods (Colombia, Indonesia, Namibia)
- Suspension of loans, rents, utility bills
- Food support (e.g. Indonesia, India, Jamaica)
- Care policies

Ensuring participation of social partners and all relevant stakeholders

COVID-19 comes on top of other major transformative changes



Underinvestment in social protection constitutes not only a social challenge, but also an economic challenge



Micro level: individuals and households

- building and protecting capabilities (human capital)
- empowering poor individuals to invest or to adopt higher return strategies
- enhancing productivity and employability

Meso level: local economy

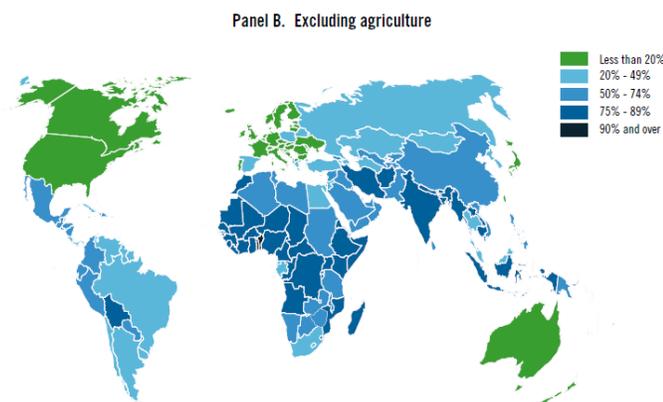
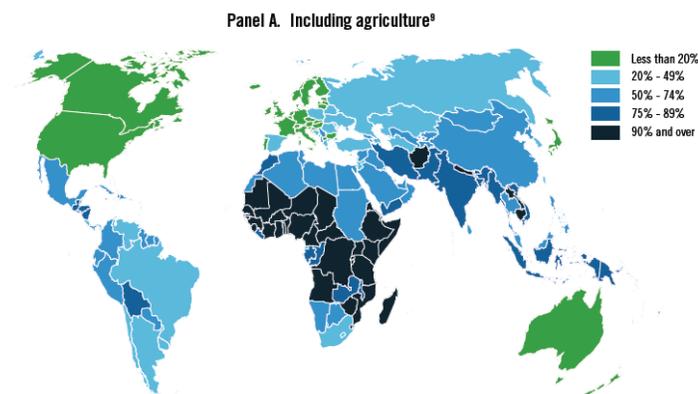
- enhancing community assets and infrastructure
- positive spillovers from beneficiaries to non-beneficiaries

Macro level: overall economy

- stabilizing aggregate demand
- facilitating structural change
- rendering growth-enhancing reforms more politically feasible
- Enhancing social cohesion

Informal employment and multiple drivers of informality

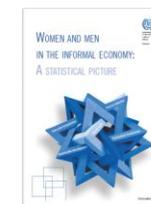
Informal employment in per cent of total employment, latest year



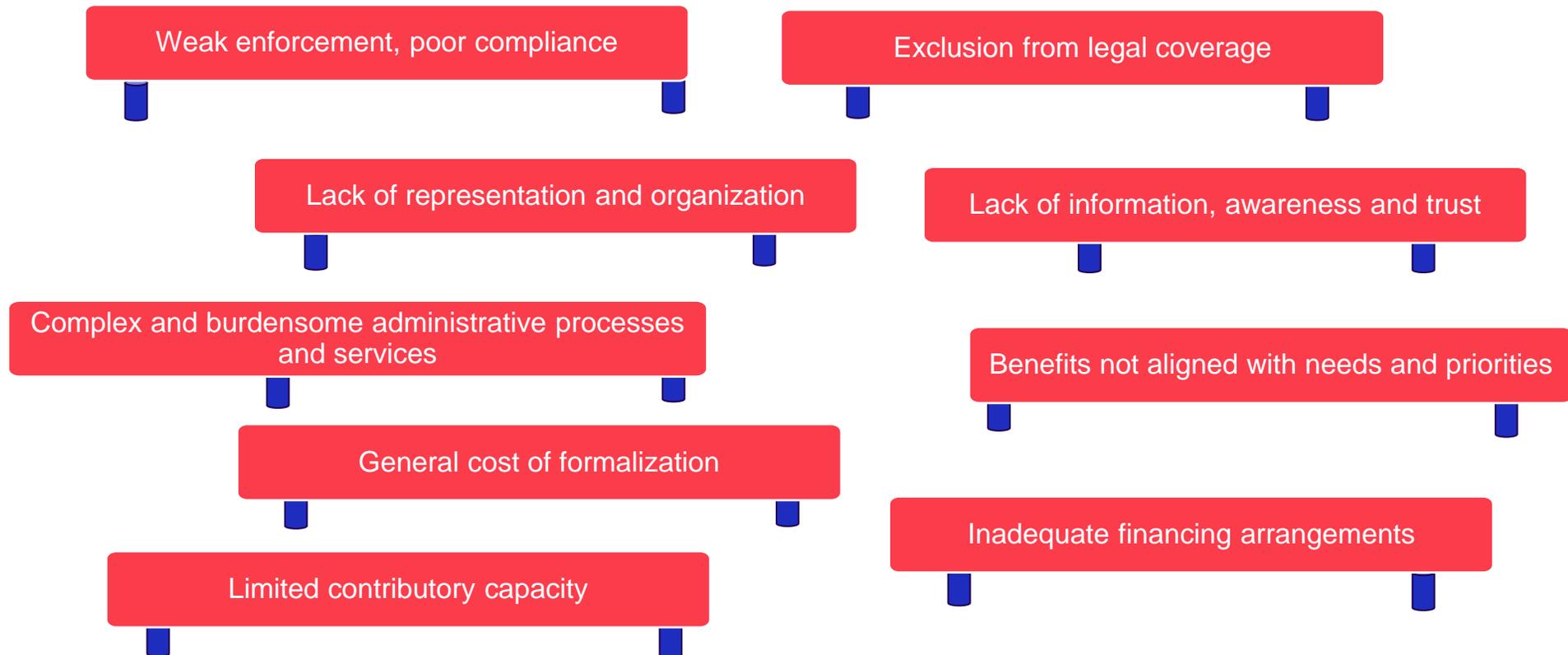
Multiple drivers of informality:

- Inability of the economy to create enough formal jobs
- Low productivity
- Inadequate or absent regulatory framework
- Weak enforcement systems
- Lack of transparency and accountability of public institutions
- Lack of worker voice and representation
- **Lack of social protection (cause and consequence of informality)**

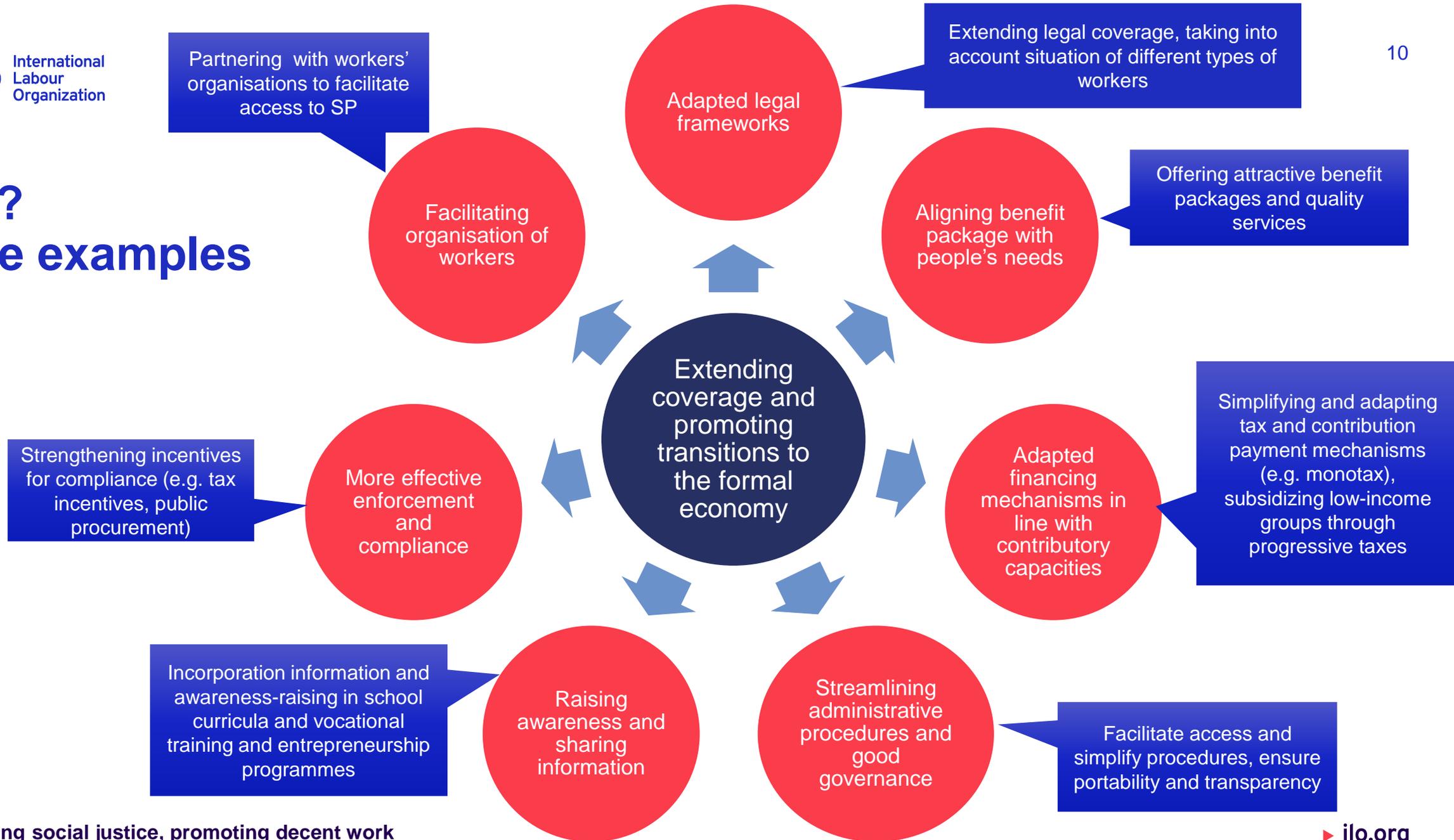
Source: ILO, 2018. Women and men in the informal economy: a statistical picture. Geneva.
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_626831.pdf



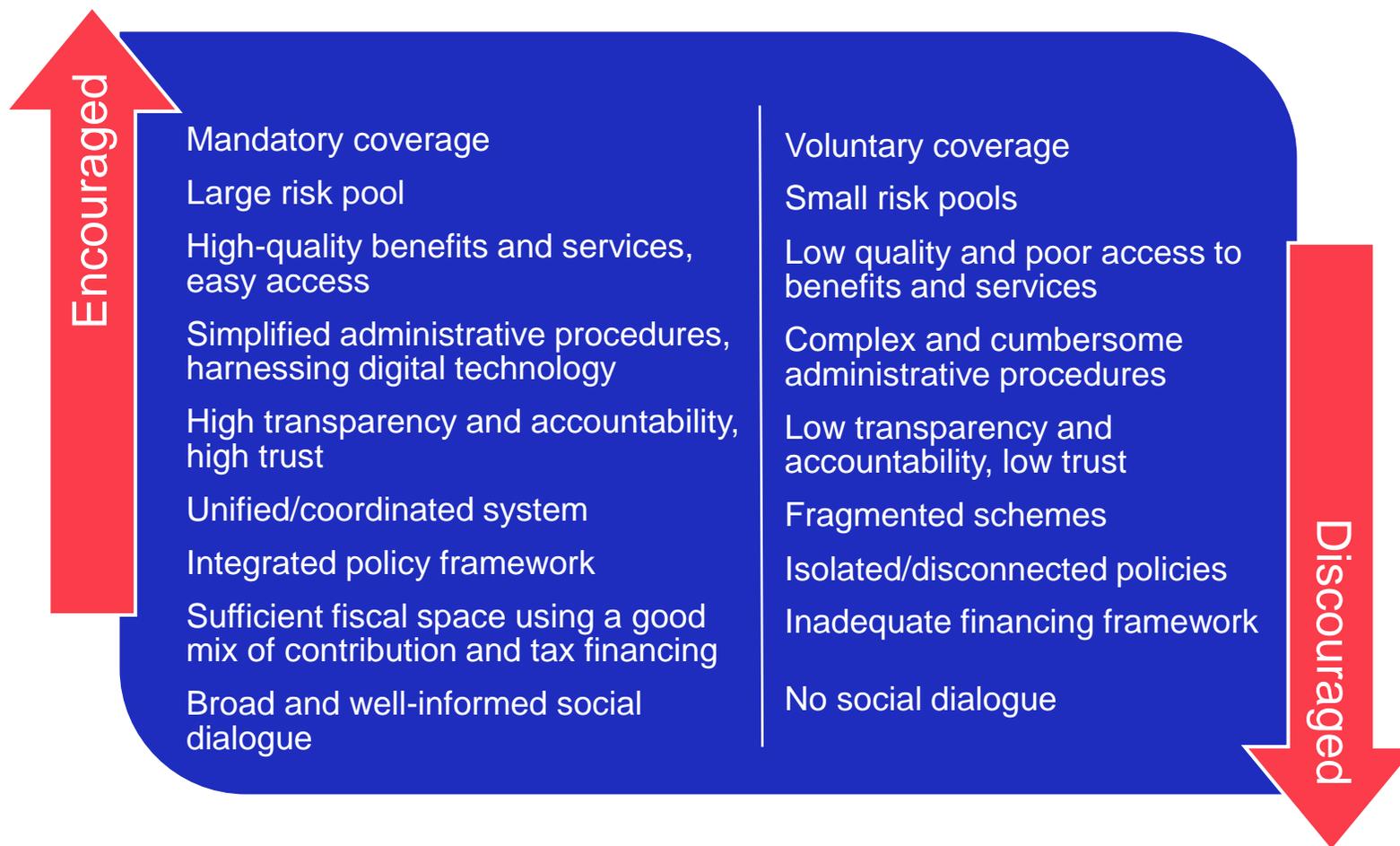
► Constraining factors for extending social protection coverage to workers in the informal economy



How? Some examples



Extending social security to self-employed workers and those in the informal economy: key lessons learnt



informaleconomy.
social-protection.org

How can social protection systems extend and adapt? Key principles

Universality of protection

- Effective access for workers in all types of employment through mandatory coverage (adapted)
- Lifecourse approach, supporting work and life transitions

12

Adequacy

- Prevent poverty and guarantee at least a basic level of social security for all (social protection floor)
- Appropriate income replacement and high quality services through public social protection systems

Portability and transferability

- Prioritize collectively financed social protection mechanisms that support labour market mobility (taxes, contributions)
- Facilitate structural transformation of the labour market and the economy

Transparency

- Awareness on rights and responsibilities
- Legal frameworks that provide clear and predictable entitlements, simple and clear administrative processes

Gender equality

- Sensitive to the realities that women and men face in the labour market, employment and society (pay gap, care)
- Promotion of gender equality

Good governance

- Financing in an equitable and sustainable way (risk sharing, collective financing, fair competition, no freeriding)
- Effective and efficient management and administration (trust!)

► **Strengthening social protection for a changing world of work requires a social protection system that combines different mechanisms in the best possible way**

STRENGTHENING AND ADAPTING SOCIAL INSURANCE MECHANISMS
to ensure the adequacy of benefits
(broader scope and higher levels of protection)



STRENGTHENING TAX-FINANCED, NON-CONTRIBUTORY MECHANISMS
to ensure a basic level of protection
for everyone, including those not covered by other schemes

- 
- 
- ❖ Universal access to adequate, comprehensive and sustainable social protection (SDGs 1.3 as well as SDGs 3.8, 5.4, 8.5, 10.4 and 16.6)
 - ❖ Fair competitive environment among economic actors and across countries
 - ❖ Facilitates labour market transitions and labour mobility and empowers individuals to seize new opportunities

Two-track approach of extending social protection in line with ILO Social Protection Floors Recommendation, 2012 (No. 202) and ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)

Universal social protection is not only about coverage:

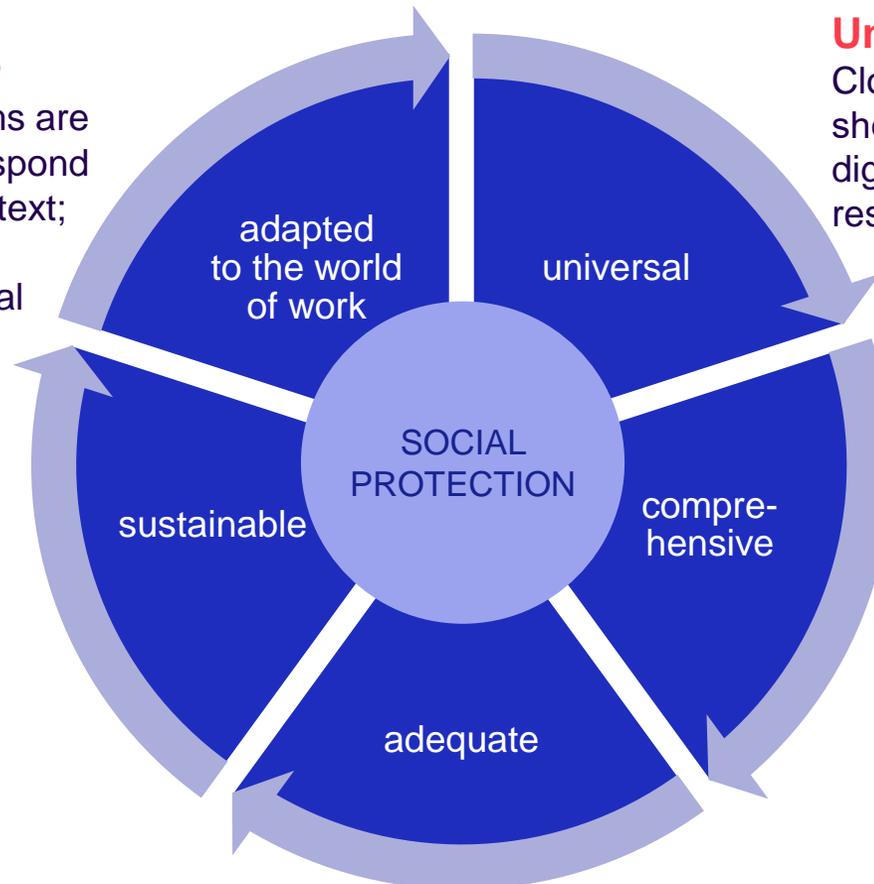
Framework set out in the ILO Centenary Declaration for the Future of Work (2019)

Adapted to developments in the world of work:

Ensuring that systems are constantly improved and adapted to respond to a changing economic and social context; supporting labour mobility and life and work transitions, as well as the structural transformation of the economy.

Sustainable and equitable financing:

Financial, economic and social sustainability based on the principles of solidarity; transparent, accountable and sound financial governance; balance of interest between those who benefit and those who finance the system.



Universal coverage (persons protected):

Closing coverage gaps in an inclusive way: no one should be left behind; respect for people's rights and dignity; non-discrimination, gender equality and responsiveness to special needs

Comprehensive protection (risks covered):

Providing comprehensive protection throughout the life course, including income security and access to health protection.

Adequate protection:

Adequate protection goes beyond just reducing poverty – it should prevent poverty, and guarantee social security and an adequate standard of living in line with human rights and ILO social security standards.

Useful references

ILO publications

- ▶ Global Commission for the Future of Work (2019) Work for a brighter future. Geneva: International Labour Office
- ▶ World Social Protection Report 2017-19: Universal social protection to achieve the Sustainable Development Goals (Geneva, ILO, 2017).
- ▶ Innovative approaches for ensuring universal social protection for the future of work. Issue Brief Prepared for the 2nd Meeting of the Global Commission on the Future of Work 12. (Geneva: ILO, 2018).
- ▶ Tackling Vulnerability in the Informal Economy (Paris and Geneva: OECD and ILO, 2019)
- ▶ Behrendt C and Nguyen QA Innovative approaches for ensuring universal social protection for the future of work. ILO Future of Work Research Paper Series 1. (Geneva: ILO, 2018).
- ▶ Building social protection systems: International standards and human rights instruments (Geneva, ILO, 2017).
- ▶ Non-standard forms of employment: understanding challenges, shaping prospects (Geneva: ILO, 2016).
- ▶ Women and men in the informal economy: a statistical picture (Geneva: ILO, 2018).

International labour standards

- ▶ Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).
- ▶ Social Protection Floors Recommendation, 2012 (No. 202)
- ▶ Social Security (Minimum Standards) Convention, 1952 (No. 102)

Web platforms

- ▶ Informal Economy Platform: <http://informaleconomy.social-protection.org>
- ▶ Social Protection Platform: www.social-protection.org/
- ▶ Joint UN Social Protection and Human Rights web platform: www.socialprotection-humanrights.org/
- ▶ Global Partnership for Universal Social Protection: www.USP2030.org

COVID-19 crisis:

- ▶ COVID-19 and the world of work
- ▶ Social protection responses to COVID-19
- ▶ Social Protection Monitor on COVID-19 responses