International Labour Organization | ILO/Korea Partnership Programme

ILO brief

Social security for self-employed workers

January 2023

Several countries, like Argentina, Brazil, Cabo Verde, Jordan, Kenya, Mexico, the Philippines, and Uruguay, have included the self-employed in their general social protection schemes.

The Microemprendedor Individual (MEI) programme in Brazil facilitated the creation of the legal category of self-employed micro entrepreneurs in 2008 through the Complementary Law No. 128. This law defines micro entrepreneurs as self-employed persons with a maximum gross annual income of Brazilian Real (BRL) 81,000 (about US$ 20,800) who do not participate in another company as a partner or shareholder and who have no more than one employee. Furthermore, in order to avoid abuse, some sectors are excluded from eligibility, such as entrepreneurs who engage in intellectual activities (like accountants, doctors, lawyers, etc.). The law simplifies social security registration and contribution payments by combining tax and social security contributions into a single ('monotax') payment. While the law is part of the Simples Nacional Law 9317, which addresses micro and small enterprises, it foresees lower contribution rates for micro entrepreneurs than under the regular scheme. The MEI programme has contributed to social security coverage increasing among self-employed workers by just under 10 percentage points between 2009 and 2015, as well as increasing the number of registered small and medium-sized enterprises (SMEs) from about 3 million in 2009 to 5 million in 2018.

Costa Rica and Cabo Verde reformed their laws to mandate the participation of self-employed workers in pension and/or health insurance schemes. To facilitate their coverage, contribution levels were reduced and benefits were adapted to better correspond to those of salaried workers. These measures have proven to be successful: in Cabo Verde, coverage increased from 0 per cent to 9 per cent within 1 year of implementation.

Collective registration agreements are another useful mechanism to facilitate the registration of self-employed workers. Organisations of self-employed workers (such as trade unions, cooperatives, or producers' associations) can operate as an intermediary between workers and social security institutions. Examples of such collective agreements are found in Ecuador, Costa Rica, and the Dominican Republic. In the latter, the trade union-supported Asociación Mutual de Servicios Solidarios (AMUSSOL) was founded in 2005 to facilitate access to the social insurance scheme for self-employed and other vulnerable categories of workers. AMUSSOL acts as an intermediary between the social security institution and workers in the informal economy by collecting social security contributions from its members and transferring them to the social security institution. AMUSSOL has covered 60,000 workers to date. The fact that workers are ready to pay an additional 1 per cent fee for AMUSSOL operating expenses on top of their social security contributions shows how much they value social security coverage.

This ILO Brief is part of a quantitative research of the labour force and enterprise landscape in Lao People's Democratic Republic to better understand the nature of informality and design tailored social security policies. The research received financial support from the ILO/Korea Partnership Programme and was conducted by Oxford Policy Management.

In partnership with

Contact details

ILO Regional Office for Asia and the Pacific
United Nations Building Rajdamnern Nok Avenue Bangkok 10200, Thailand

T: +66 2288 1234
F: +66 2280 1735
E: BANGKOK@ilo.org

Ms Loveleen De	Programme Manager	E: del@ilo.org
Mr Thongkeck Xiong	National Project Coordinator	E: thongleck@ilo.org
Ms Noutthong Alounthong	National Project Coordinator	E: alounthong@ilo.org