

CONCEPT NOTE

Improving access to social security for the informal sector

25-26 February 2021
Radisson Fiji

1. Introduction

Evidence from recent Rapid Assessments (RA) on the impact of COVID-19 on employment and business and the UN Social & Economic Impact Assessment (UNSEIA)^[1] of COVID-19 in the Pacific suggests, while acknowledging the existence of a large informal sector pre COVID-19, an increasing informal sector buldge. Redundant workers from the formal sector are transitioning to the informal sector in search for income and livelihoods. **Informal sector enterprises**, particularly those linked to the tourism industry and trade, including the creative industries and agriculture are experiencing many challenges to sustain their enterprises not only as a result of the global pandemic but also recent and on-going regional/national disasters. For those in the **creative sector**, effects have been widespread as a direct result of a highly impacted tourism sector, not likely to resume to its 2019 levels prior to 2022, in the most optimistic scenario. Meanwhile, the same SEIA has indicated the return of urban dwellers to rural areas. This trend has resulted in the increase of **agricultural activities**, which has in turn contributed to increased resilience of vulnerable populations during the pandemic, offering a diversified livelihood strategy and meaningful coping strategy, as well as the region's gradual reduction in dependency on imported products. However this newly created part of the informal sector, has reportedly faced difficulty in selling their produce, likely reflecting skills-gap, as well as a change in market structure, in addition to a possible reduction in overall demand for fresh produce.

2. UN Joint Project

The UN Secretary General's Multi Partner Trust Fund (MPTF) for COVID-19 recovery has approved a joint project entitled "***Inclusive Economic Recovery through Sustainable Enterprises in the Informal Economies of Fiji, Palau, Tonga and Vanuatu***". The project has a 13 months' implementation duration, started in October 2020 and implemented jointly by the International Labour Organization (ILO), United Nations Educational, Scientific and Cultural Organisation (UNESCO), United Nations Development Programme (UNDP) and the International Fund for Agricultural Development (IFAD).

In summary, the project will intervene in the sub-sectors of the informal economy, with a focus on sustaining enterprises in the cultural and creative industries and

^[1] <https://www.pacific.undp.org/content/pacific/en/home/library/socio-economic-impact-assessment-of-covid-19-in-fiji.html>

agriculture sector. The project aims to mobilize stakeholders in the labour market, increase capacities to sustain enterprises and decent work and improve access to markets as a way to address unemployment, underemployment and business deficits. The overall objective is to improve resilience and employment, production and income recovery from the impacts of COVID-19.

The project objectives are as follows:

Objective 1: Improve the institutional capacities of national service providers to deliver innovative and sustainable and COVID-19 safe business development services (BDS) and social security/pension options to vulnerable groups to support recovery and income generation.

Objective 2: Improve productivity and spur innovation in the creative and agricultural sectors.

Objective 3: Monitor, document and evaluate progress, share lessons learned and contribute to recovery policy development and review.

3. Informal sector and social security

The lack of social protection for workers in the informal economy and their families makes them particularly vulnerable to shocks, since they usually cannot count on the protection provided by social insurance or poverty-targeted social assistance schemes. Two ILO instruments¹ in particular highlight the need to extend social protection coverage to those in the informal economy. They are based on the recognition of social security as a human right and the general responsibility of the state to guarantee the due provision of adequate benefits and the sustainability of social protection systems. The need to provide social protection to those whose jobs and livelihoods have been disrupted by crisis situations is also highlighted in the Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No.205).²

4. Fijian's informal sector and potential for extension of social security

According to the ILO, pre-COVID-19 informal sector workers made up 66.2% of the total labour force. As redundant formal sector workers move to the informal sector, the informal bulge will become larger. This also means that vulnerabilities of enterprises and workers will generally increase, in terms of low demand and compounded by current and on-going disasters, such as TC Yasa and TC Ana.

The Fiji National Provident Fund (FNPF) through its Voluntary Membership³ scheme, allows for informal sector workers and micro entrepreneurs to join the fund and make contributions. In 2017, the FNPF in collaboration with the

¹Social Protection Floors Recommendation, 2012 (No.202) and the Transition from the Informal to the Formal Economy Recommendation, 2015 (No.204)

² https://www.ilo.org/secsoc/information-resources/publications-and-tools/Brochures/WCMS_754731/lang--en/index.htm

³ <https://myfnpf.com.fj/index.php/voluntary-membership>

UNCDF/UNDP Pacific Financial Inclusion Programme (PFIP) undertook a feasibility study and pilot for increasing access of the voluntary membership component to the informal sector. Mobile technology, Vodafone's MPaisa⁴, was used to improve accessibility for workers to contribute.

According to the 2020 Annual Report of FNPF, out of the 447,635 total membership, 241,481 were active compulsory members and 6,004 were active voluntary members. In 2015 in Solomon Islands a project by the Solomon Islands Provident Fund (SINPF) and PFIP resulted in feasibility assessments leading to a pilot in 2016/2017 on micro pension for informal sector. Following a successful pilot, SINPF and PFIP decided to scale the project with an ambition to expand outreach of micro pension to the informal sector across the country. . At the end of December 2020, the SINPF-PFIP joint project has covered over 23,000 informal sector members with nearly 54% of them women and average savings per member around SBD\$1000 (US\$125). PFIP also partnered with Vanuatu National Provident Fund (VNPF) to carry out a feasibility study resulting in a pilot completed in 2019. Based on the large informal sector, there is a huge opportunity to extent social security/ voluntary membership for workers and micro entrepreneurs in the informal sector in Fiji and other Pacific countries.

5. Participants

The participants will include:

- (a) Fiji National Provident Fund (FNPF) – 3
- (b) Ministry of Employment – 1
- (c) UNCDF Pacific Financial Inclusion Programme
- (d) IT Galaxy - 1
- (e) Vodafone Fiji – 1
- (f) Digicel –
- (g) Young Entrepreneurs Council (YEC) - 1
- (h) Women Entrepreneurs & Business Council (WEBC) – 1
- (i) Fiji Trades Union Congress (FTUC) – 2
- (j) Ministry of Rural & Maritime Development - 1
- (k) Fiji Arts Council – 2
- (l) PIFON – 2
- (m) Project Technical Team: UNDP, UNESCO, IFAD, ILO

6. Meeting objectives

Therefore, this technical meeting will explore the potential for:

- (a) Motivating workers and micro entrepreneurs in informal sector to join FNPF and contribute to the voluntary scheme and
- (b) Improve accessibility of the scheme by improving the digital and physical capacities

⁴ <https://myfnpf.com.fj/index.php/media-center/media-releases/257-pfip-fnfp-announces-new-digital-payments-platfom-for-voluntary-contributions>

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Join Zoom Meeting

<https://ilo-org.zoom.us/j/91218100654>

7. Programme

Day 1: Thursday 25 February 2021		
Time	Activity	Notes
8:30am	Registration	
8:30am – 9:00am	Official opening, introductions and workshop objectives <ul style="list-style-type: none"> - Opening speech by ILO Director - Introductions and housekeeping by Edward Bernard and Milika (ILO) 	
9:00am – 9:30am	Background and context of the technical meeting <ul style="list-style-type: none"> - Edward Bernard (ILO) 	Presentations & Q&A
9:30am – 10:45am	Stock-take, Challenges and lessons from the past: <ul style="list-style-type: none"> - FNPF, Vodafone 	Presentations & Q&A
10:45am – 11:00am	<i>Morning tea</i>	
11:00am – 12:00pm	Global and regional best practices <ul style="list-style-type: none"> - UNCDF/PFIP 	Presentations & Q&A
12:00pm – 1:00pm	International Labor Standards/National Employment Policies and Legislations <ul style="list-style-type: none"> - ILO - Ministry of Employment 	Presentations & Q&A
1:00pm – 2:30pm	<i>Lunch</i>	
2:30pm – 3:30pm	Identifying the challenges: PIFON, Fiji Arts Council, YEC, WEBC, FTUC	Panel style discussion
3:30pm – 4:15pm	Digital solutions <ul style="list-style-type: none"> - Vodafone, Digicel, 	Presentations & Q&A

4:15pm – 4:30pm	Wrap up day 1	
Day 2: Friday 26 February 2021		
Time	Activity	Notes
10:00am – 10:15am	Review of Day 1 /Admin & Logistics	
10:15am – 11:15am	Identifying the solutions: (a) Motivating informal sector workers (b) Improving accessibility	Group Work
11:15am – 12:00pm	Group Presentation	Presentations & Q&A
12:00pm - 12:20pm	Next steps - FNPF, ILO	
12:30pm – 12:45pm	Official closing - ILO, FNPF	
12:45pm – 1:45pm	Lunch	