



International
Labour
Organization



Position Paper on Improving Social Protection to Formal Private Sectors and Extension to Informal Economy Workers in Ethiopia

Tripartite Plus Consultation Workshop

Held at Pyramid Hotel Resort, on 18 and 19 May 2021, Bishoftu Town, Ethiopia

1. Introduction

Social Protection is part of social policy framework that focuses on reducing poverty, social and economic risks of citizens, vulnerability and exclusion by taking measures through formal and informal mechanisms to ascertain accessible and equitable growth to all. The Policy mainly contains coordinated protective measures to those susceptible to serious vulnerability due to natural and manmade risks, establish multifaceted social insurance mechanisms to prevent exposure to risks, strengthen earnings and improving livelihoods of citizens, improve employment opportunities and living conditions, and provide legal protection and support for those vulnerable to abuse and violence.

The National Social Protection Policy (NSPP 2014) of Ethiopia has five focus areas to promote: i) Productive Safety Nets (PSNP); ii). Employment opportunities and Improve Livelihoods; iii). Promote Social insurance, iv). Increase equitable Access to Health, Education, and other Social Services; v). provision of Legal Protection and Support for Citizens Exposed to Abuse, Exploitation and Violence.

When it comes to its implementation, social protection coverage and adequacy of benefits in Ethiopia remains low when evaluated against international standards. The low coverage and inadequacy of benefits and contingencies of Ethiopia's social protection manifests against the basic social security principles and minimum standards provided for in the International Labour Organization's (ILO) Social Security (Minimum Standards) Convention, 1952 (No. 102).

The two Social Security agencies in Ethiopia, namely Public Servants' Social Security Agency (PSSSA) and Private Organizations' Employees Social Security Agency (POESSA) are intended to address the social security requirements of employees recruited in the formal economy. The social security schemes of the mentioned organizations, therefore, do not extend their services to informal economy workers to date.

The main causes of low social protection coverage in Ethiopia include: absence of a sustainable financing strategy, weak inter-and intra- sectoral coordination of social protection programs, low implementation capacity and low knowledge and awareness about the importance of a comprehensive social protection system.

For this reason, the Confederation of Ethiopian Trade Unions (CETU) convened a two-day workshop in collaboration with the ILO entitled “Tripartite Plus Consultation Workshop on Improving Social Protection to Formal Private Sector Employees and Extension to Informal Economy Workers”, that was held at Pyramid Hotel and Resort, Bishoftu Town.

2. Objectives of the Workshop

The main objectives of the workshop were to:

- create awareness among stakeholders on the rights to inclusive social protection to all including to informal workers;
- discuss innovative mechanisms in social security provision;
- determine the roles of workers and employers’ organizations in promoting social protection for all workers across the life cycle.

3. Source of Funding to Support the Initiative

The overall initiatives of CETU - towards improving social protection to formal private sector and extend it to informal sector, including the consultative workshop, have been supported by **ILO country office in Ethiopia, through ILO and the United Nations Children’s Fund (UNICEF) joint project on ‘Improving synergies between Social Protection (SP) and Public Finance Management (PFM)’ in Ethiopia – (with particular focus area of *extending social security to informal economy workers and supporting wage legislation related to social protection*)**. The project is financed by the European Union, as part of its global initiatives to support countries’ social protection initiatives.

4. Participants of the Workshop

The position paper was prepared at the end of the consultative workshop by the participants, who represented the following organizations.

- Ministry of Labour and Social Affairs (MOLSA)
- Confederation of Ethiopian Trade Unions (CETU)
- International Labour Organization (ILO)
- Nine affiliated Industrial Federations of CETU,
- Ethiopia Employers Federations Confederation (EEFC)
- Ethiopian Health Insurance Agency
- Oromia Regional State Bureau of Labour and Social Affairs (OBOLSA)
- Addis Ababa City Administration Bureau of Labour and Social Affairs (AABOLSA)
- Ethiopia Association of People with Disabilities (EAPD)
- Job Creation Commission (JCC).

5. Our position on the Consultative Workshop

5.1. What we agreed, learned and observed from the workshop

- We reached a consensus on the definition of the Social Protection as “the set of policies and programs designed to reduce and prevent poverty and vulnerability across the life cycle. We agreed that Social protection includes mainly: child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection, old-age benefits, disability benefits and survivors’ benefits.”
- We noted that social dialogue is an essential element for the development of effective social protection programs. The consultation is a commendable practice, as it would allow stakeholders to initiate joint actions.
- We are aware that the social protection coverage and adequacy of benefits in Ethiopia remains very low and we learned that only 12% of the country’s population was covered by one social protection benefit; only 15% of the persons above retirement age were receiving pension in 2016 while only 8% of vulnerable persons were covered by social assistance in that year.
- We believe that the social protection system in Ethiopia is not yet comprehensive and thus organizations like CETU have to advocate for the extension of social security for the uncovered work force in the Ethiopian society.
- We strongly believe that it is timely and mandatory to expand the social security coverage to the informal sector workers, which constitute 85.8% of the workforce in Ethiopia. Informal workers are neither covered by social assistance nor by the social security schemes in Ethiopia.

5.2. Our Recommendations

We tripartite plus partners forwarded and agreed on the following recommendations so as to extend social protection to workers in the informal economy in line with ILO Recommendation No. 202 and Convention No. 102.

1. We believe more awareness creation initiatives and policy advocacy interventions need to be initiated. Hence, we recommend the execution of continuous and extensive awareness creation for trade unions leaders, members and workers, at all level, policy and law drafters, employers, legal bodies, etc.
2. We agreed that the Trade Unions Constitution and Strategic Plan should be modified in ways that can accommodate issues of social protection strategies and action plans so as support effective implementation.

3. We recommend the development of legal framework to expand the social protection coverage to the informal economy workers, that will result in the reduction of poverty and unemployment in the country.
4. We understand the lack of resources and capacities to expand social protection to the informal workers. Hence, we recommend CETU in collaboration with its stakeholders to mobilize resource from ILO and other partners to address the budget constraints.
5. We encourage CETU and its partners to follow up the implementation of minimum wage fixation and putting that into action.
6. We have agreed to work towards minimizing work related sickness and accident: by putting in place and improving the Occupation Safety and Health (OSH) coverage in all workplaces.
7. We understand the importance of learning lessons from experiences of other countries that have advanced social protection coverage. We are committed to sharing our experiences and knowledge in order to extend best practices.
8. We believe in the importance of undertaking research on how, when and what types of social protection are required by the informal sector and we strongly recommend stakeholders led by MoLSA to put appropriate measures into action.
9. We recommend organizing of the informal economy workers under trade unions and create solidarity and support from organized formal economy workers.
10. We also advise the introduction of systematic data management system for social protection issues.
11. We will foster openness and dialogue relating to sustainability matters with relevant stakeholders, regulators, policy-makers and the public.