

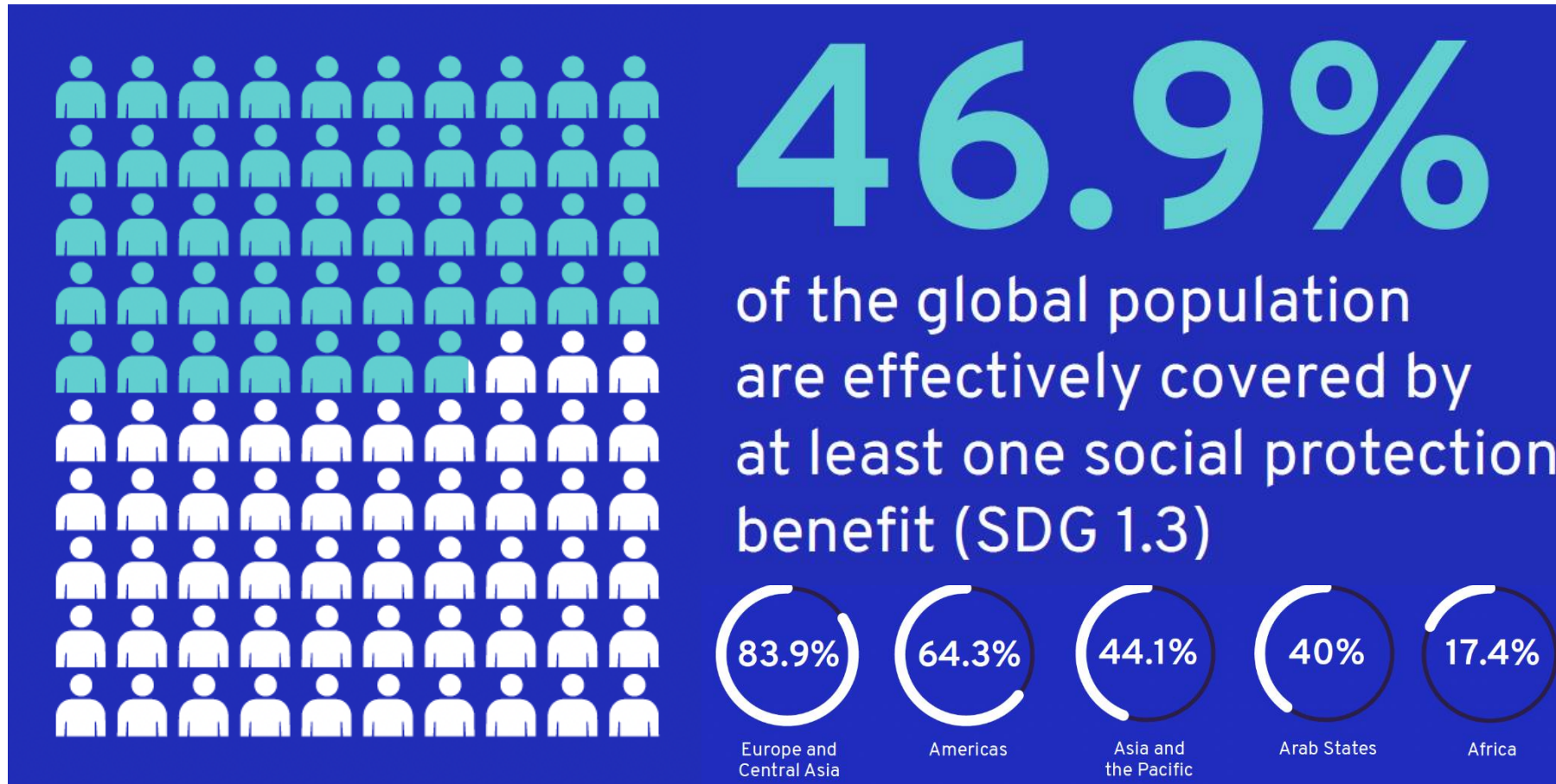
Conceptual framework on social protection extension to informal economy workers

Validation workshop on “Extending Social Protection to Informal Economy Workers in Ethiopia”

Ricardo Irra, Technical Specialist in Social Protection DWT/CO Cairo

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Global effective coverage rates (excluding health): 53.1% of the population is excluded from social protection



Coverage social protection benefits



Health protection: 66%



Social assistance: 28.9%



Disability benefits: 33.5%



Pensions (old age): 77.5%



Child and family benefits: 26.4%



Maternity benefits: 44.9%



Work injury benefits: 35.4%



Unemployment benefits: 18.6%

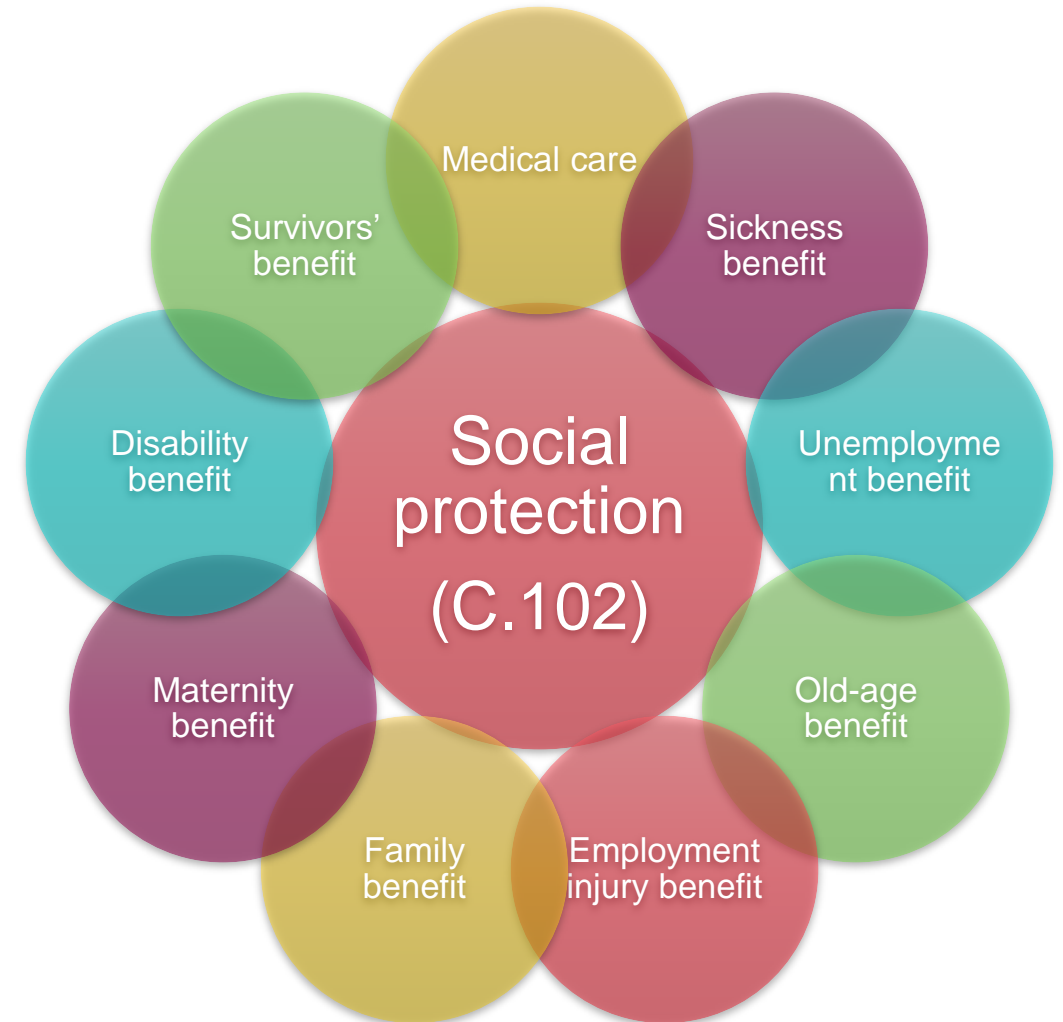


Sickness benefits: 33%

Coverage of
working age
population

Defining social protection

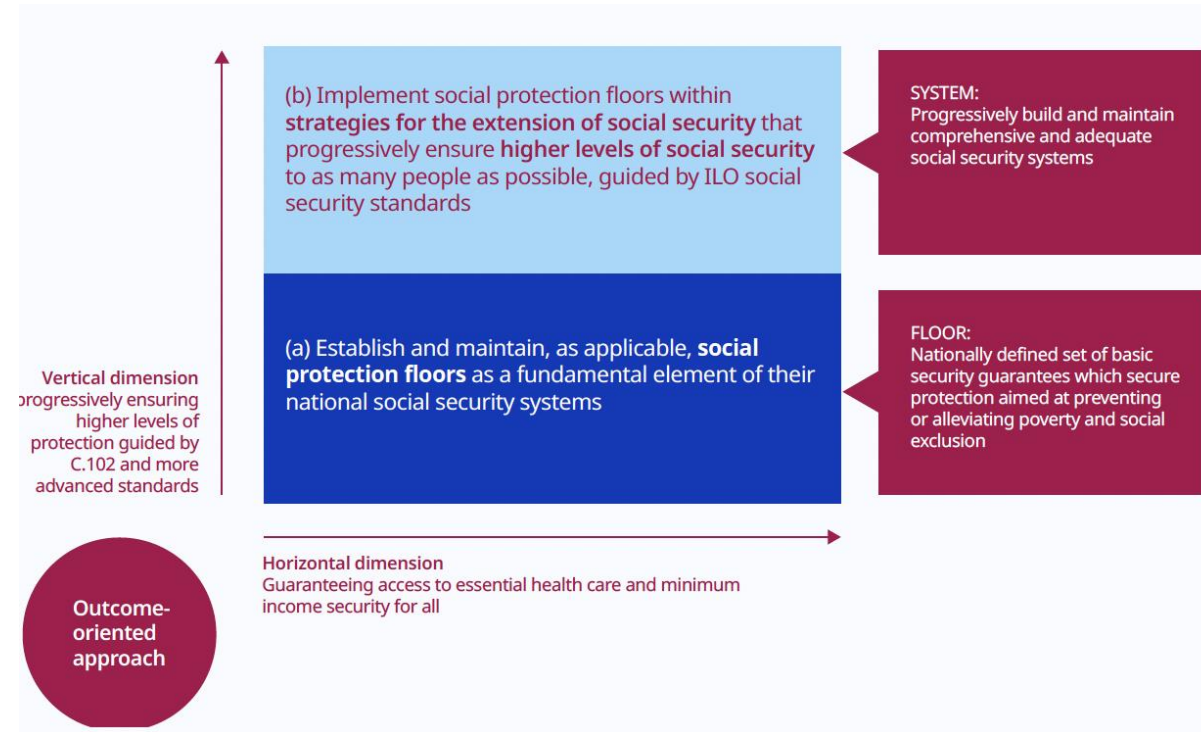
The ILO usually uses SS and SP interchangeably to refer to the set of policies and programmes designed to reduce and prevent poverty, vulnerability and social exclusion throughout the life cycle. Social protection systems address a broad range of policy areas, including child and family benefits; maternity protection; unemployment support; employment injury benefits; sickness benefits; health protection (medical care); disability benefits; and old age and survivor pensions.



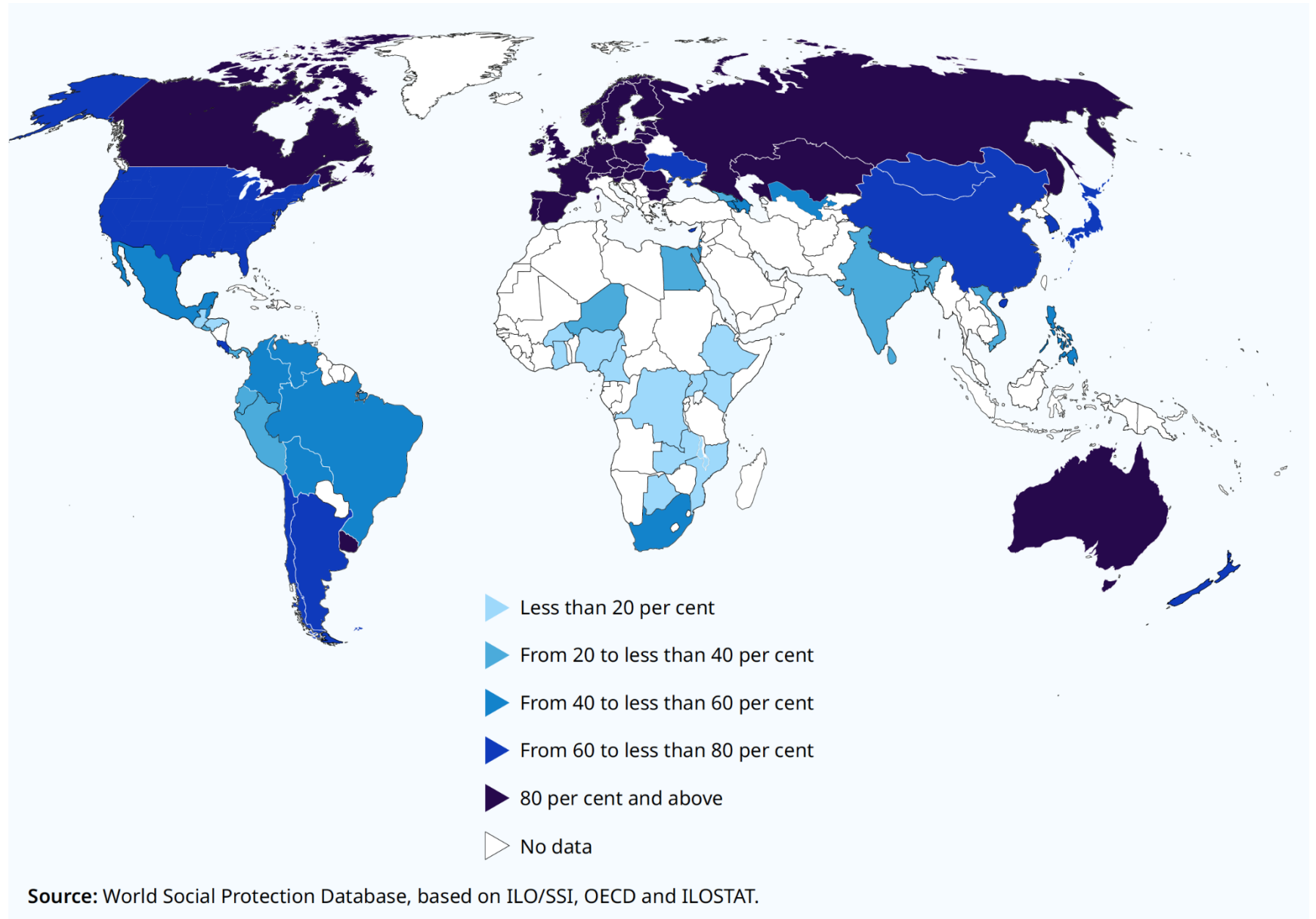
Defining social protection

Social protection floors (R. 202). Four guarantees:

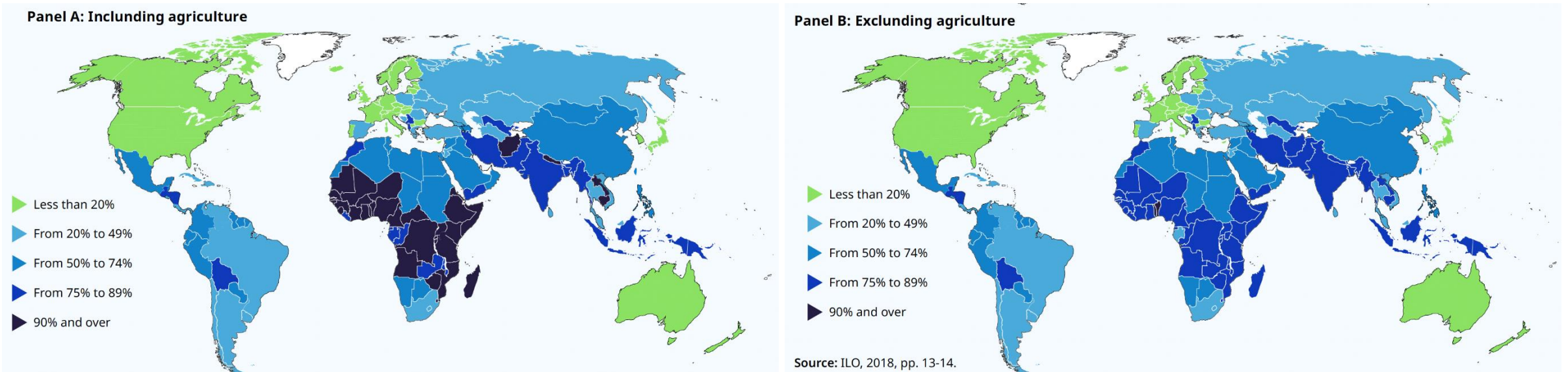
- a) access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;
- a) basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- a) basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
- b) basic income security, at least at a nationally defined minimum level, for older persons.



Share of population covered by at least one social protection cash benefit



Share of informal employment in total employment, including and excluding agriculture, latest data



► Informal employment and social protection coverage gaps

Main challenges and key messages

- By 2018 Two billion of the world's employed population aged 15 and over work informally, representing 61.2 per cent of global employment
- Informal employment represents an opportunity for many people to secure a living and satisfy basic needs
- Persistence and growth of informality entails a double challenge: extending protection to workers in the informal economy and facilitating their transition to the formal economy.
- Particular attention should be paid to ensuring that extension strategies address and promote gender equality and women's empowerment.
- COVID-19 has had a significant impact on the loss of job and income with more critical consequences on the informal workers but also on the loss of formal employment and increase of informal work.



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▶ Defining the informal economy, the informal sector and informal employment

▶ Informal economy (R. 204):

Refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.

▶ Employment in the informal sector:

Enterprise-based concept that is defined in terms of the characteristics of the place of work of the worker. As characterized by ICLS (ILO 1993), the informal sector consists of **units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned**. The informal sector is a subset of unincorporated enterprises not constituted as separate entities independently of their owners, typically operating at a low level of organization, on a small scale and with little or no division of labour and capital as factors of production.

▶ Informal employment:

Informal employment refers to working arrangements that are de facto or de jure not subject to national labour legislation, income taxation or entitlement to social protection or certain other employment benefits (e.g. advance notice of dismissal, severance pay, paid annual or sick leave). Workers in informal employment are defined as those who work in informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households.

▶ Defining the informal economy, the informal sector and informal employment

- ▶ **Informal employment comprises (Ralf Hussmans):**
 - ▶ Own-account workers and employers employed in their own informal sector enterprises (Cells 3 and 4)
 - ▶ Contributing family workers, irrespective of whether they work in formal or informal sector enterprises (Cells 1 and 5)
 - ▶ Employees holding informal jobs, whether employed by formal sector enterprises, informal sector enterprises, or as paid domestic workers by households (Cells 2, 6 and 10)
 - ▶ Members of informal producers' cooperatives (Cell 8)
 - ▶ Own-account workers engaged in the production of goods exclusively for own final use by their household.(Cell 9)

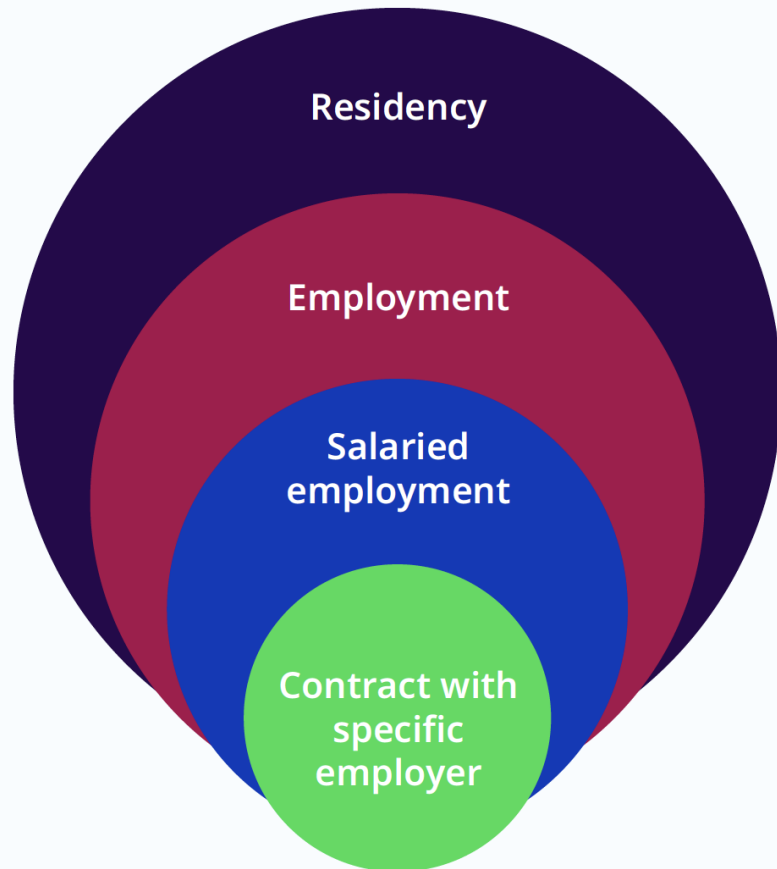
Conceptual Framework: Informal Employment

Production units by type	Jobs by status in employment									
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives		
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal	
Formal sector enterprises					1	2				
Informal sector enterprises ^(a)	3		4		5	6	7	8		
Households ^(b)	9					10				

(a) As defined by the Fifteenth International Conference of Labour Statisticians (excluding households employing paid domestic workers).

(b) Households producing goods exclusively for their own final use and households employing paid domestic workers.

How is social protection related to employment?



- ▶ Tax-financed schemes (means-tested or not)
Examples: social assistance, social pensions, child/family benefits, national health service or residency-based health insurance.
- ▶ Social insurance (if adapted), other forms of insurance or tax-financed programmes
Examples: health insurance, pensions, maternity protection, in-work benefits for low income earners.
- ▶ Social insurance as mandated by social security legislation (thresholds may apply)
Examples: health insurance, maternity protection insurance, employment injury insurance, old age, disability and survivor pensions, unemployment insurance.
- ▶ Employer liability mandated by social security legislation or voluntary employer engagement
Examples: employer liability for paid maternity, sick leave and workers' compensation, severance pay, employer-provided health or pension insurance.

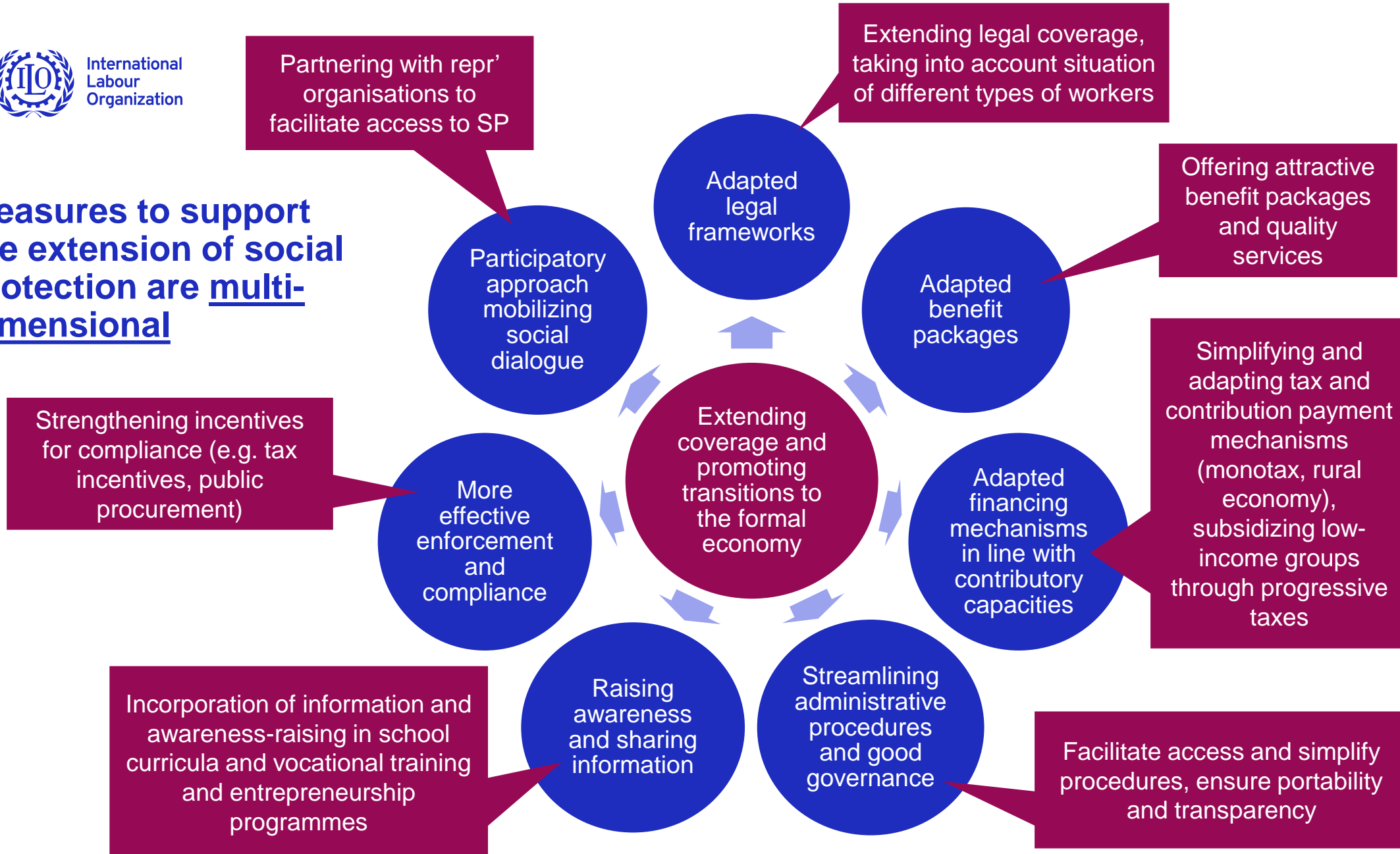
▶ **What are the barriers to the extension of social protection to workers in the informal economy?**

- ▶ Exclusion from legal coverage
- ▶ Lack of information, awareness and trust
- ▶ Benefits not aligned with priorities
- ▶ Costs and inadequate financing arrangements
- ▶ Complex and burdensome administrative procedures and services
- ▶ Lack of enforcement and control and low compliance
- ▶ Lack of representation and organization
- ▶ Lack of integration and policy coherence

▶ **What are the benefits of extending social protection for workers, employers and societies and their economies?**

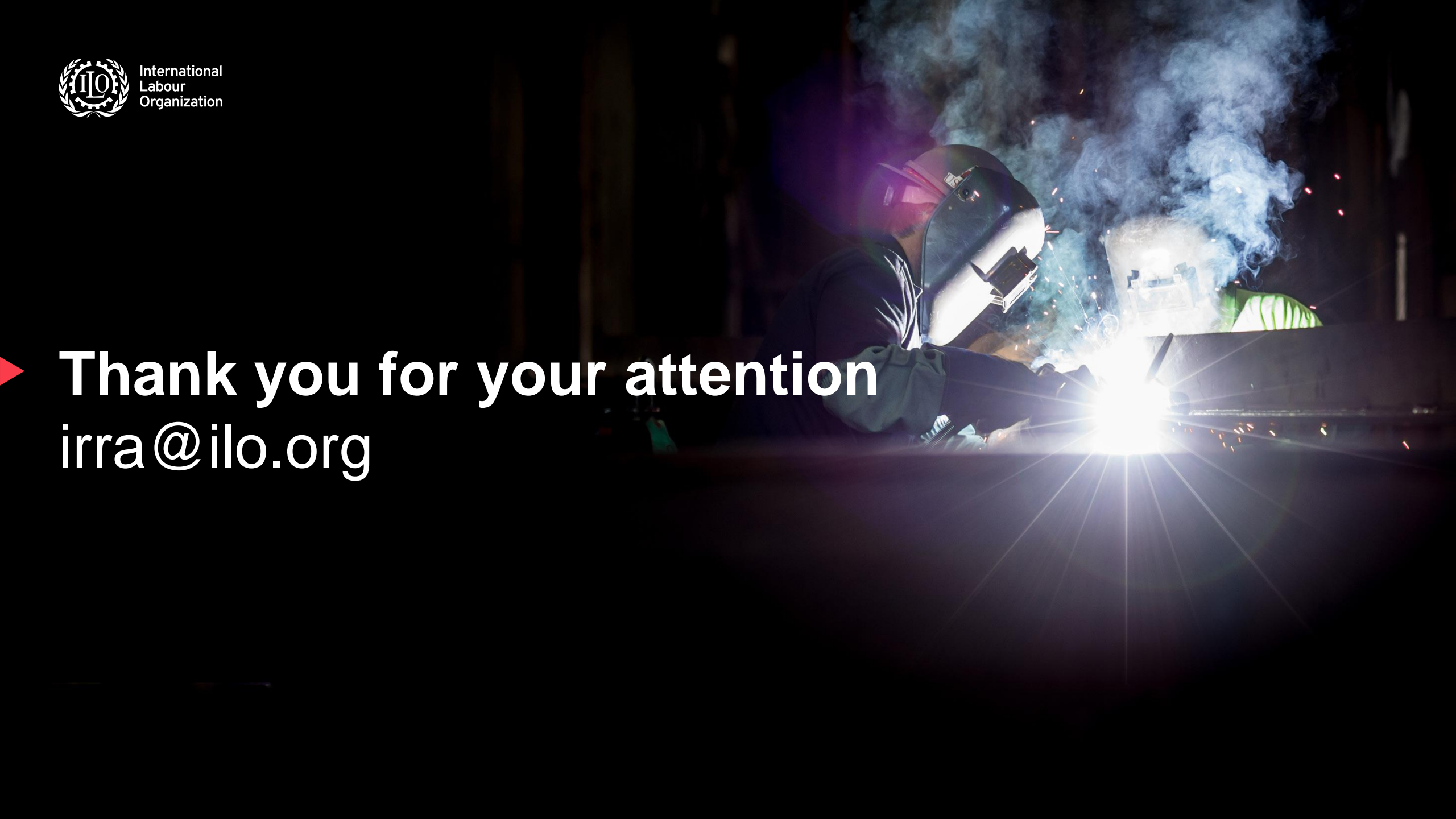
- ▶ Workers: Reduction of out-of-pocket expenditure for health, improved capacity for planning ahead
- ▶ Employers/enterprises: increase productivity and risk pooling
- ▶ Societies and economies: Investment in people that help broaden the tax base available for public investments in economic and human development

Measures to support the extension of social protection are multi-dimensional



Mandatory coverage versus voluntary coverage





► **Thank you for your attention**
irra@ilo.org