



▶ Extending social health protection
coverage to the informal economy

Introduction

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▶ What is the “informal economy”?

Definitions (ILO R204)

Informal economy = informal employment + informal sector

- 60 per cent of the world's employed population earn their livelihoods in the informal economy
- 2 billion women and men

Refers to working arrangements that are *in law or in practice* not subject to national labour legislation, income taxation or entitlement to social protection or certain other employment benefits (advance notice of dismissal, severance pay, paid leave...).

81% of eco units the world are informal

Designates units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned, they are typically unincorporated enterprises not constituted as separate entities independently of their owners



Informal employment versus Employment in Informal sector

Informal employment

- Job based concept
- Defined in terms of the employment relationship and protections associated with the job of the worker

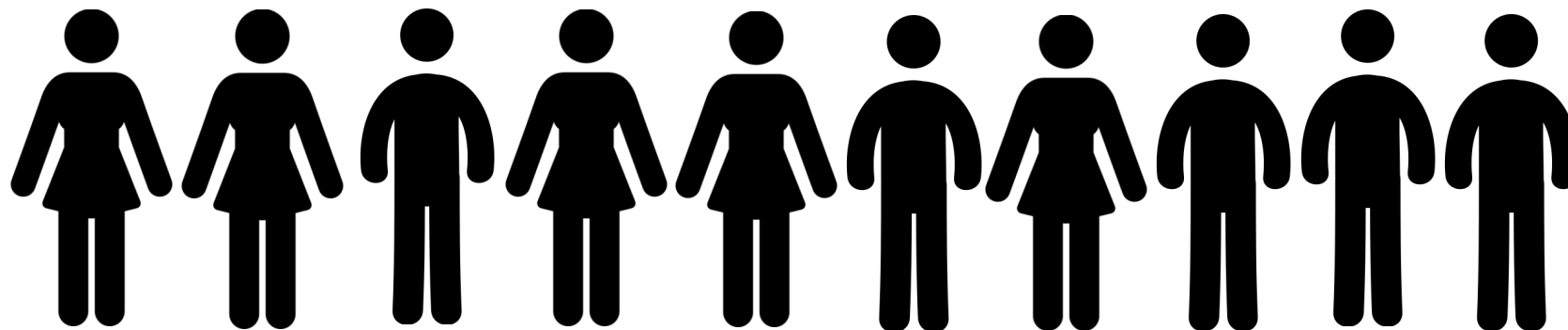
Employment in Informal sector

- Enterprise based concept
- Defined in terms of the characteristics of the place of work of the worker

Diversity



Type of workers



Employees

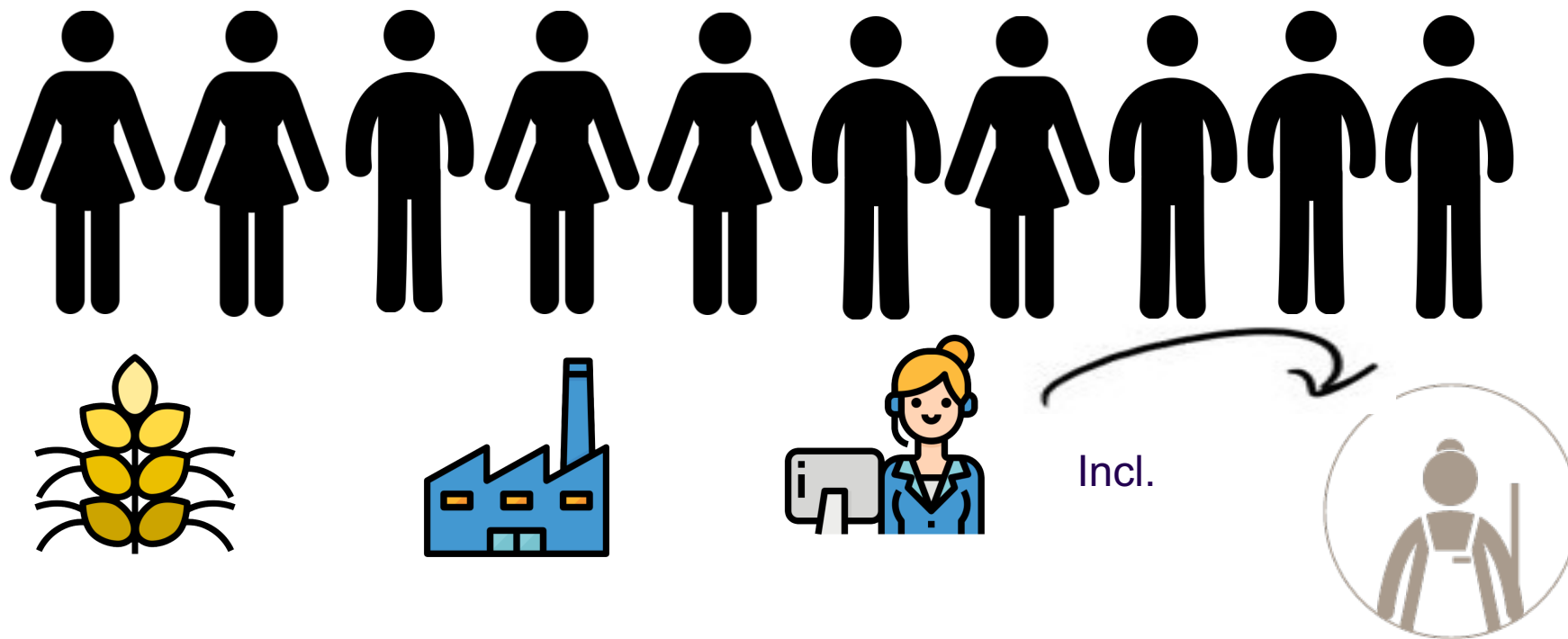
Own-account

**Contributing
family workers**

Employer

***Incl. workers in unrecognized or
unregulated employment
relationships***

Type of workers by industry



Temporary Employment

Part-time and on-call work

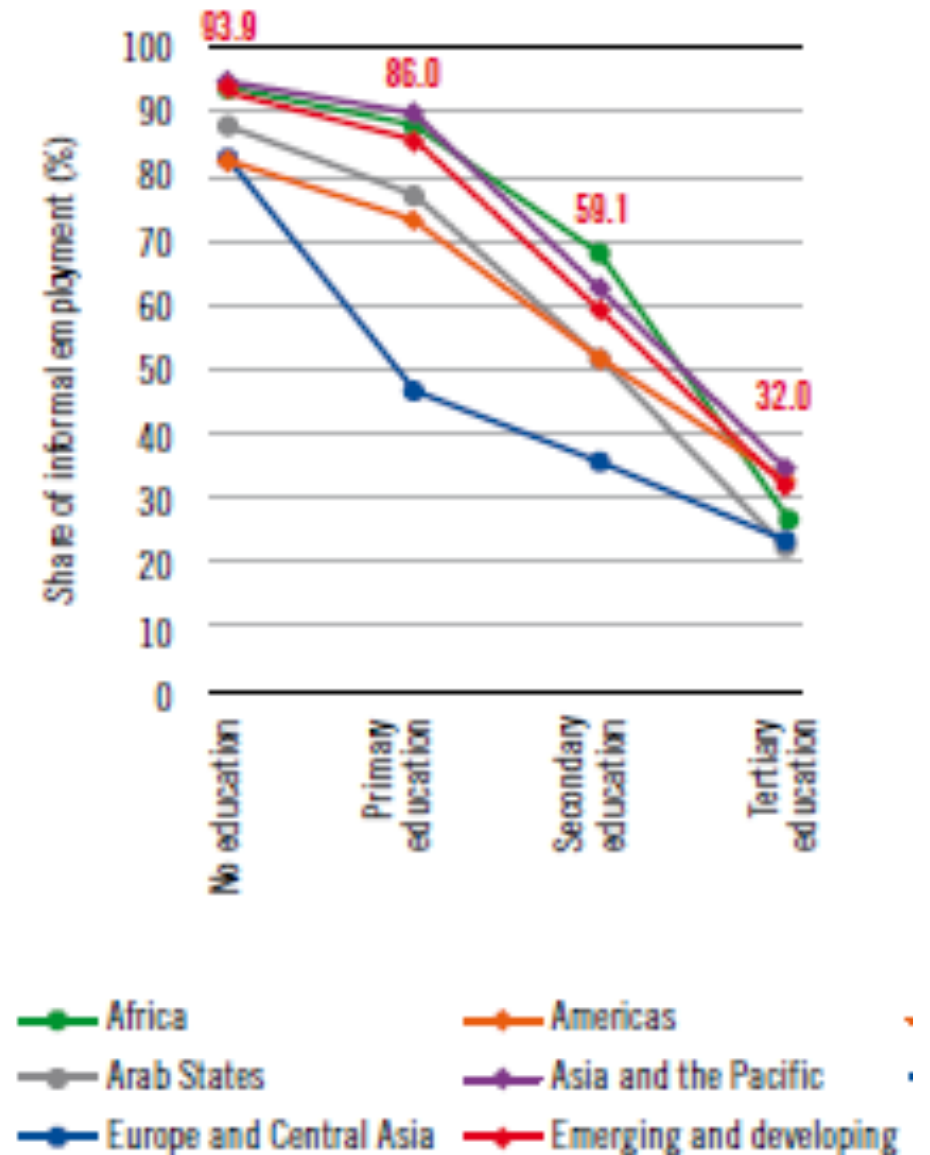
Multi-party employment relationship

Disguised employment or dependent self-employment

Education

- Globally, when the level of education increases, the level of informality decreases.

Emerging and developing

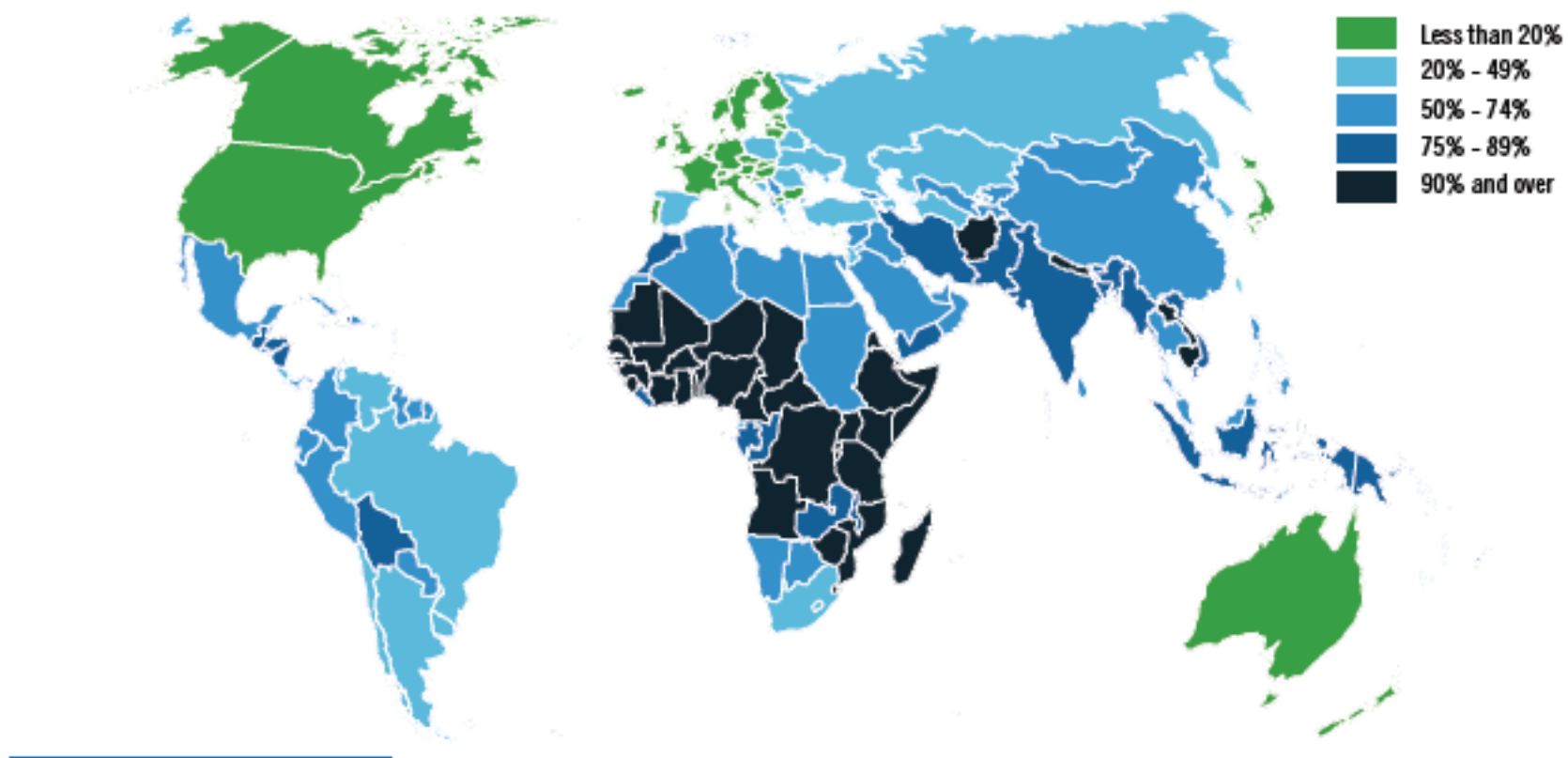


Diversity in...

In addition to status in employment and sector, large variations in term of

- **Income level**
- **Age**
- **Education level**
- **Type and size of enterprise**
- **Location of workplace (rural or urban, private or public areas)**
- **Degree of compliance with laws and regulations, or level of productivity, among others**
- **Degree of coverage of social and employment protection**

Share of informal employment in total employment, including agriculture (percentage, 2016)



Facts and Myths

- **Not a choice**
- **Not everyone in informal economy is poor**
- **Formal does not equal rich**
- **But**
 - workers in the informal economy face a higher risk of poverty than those in the formal economy, and face more decent work deficit
 - And informal economic units face lower productivity and income

▶ How does the informal economy impact SHP?

Impact on health

- Workers in IE often engage in more hazardous jobs, conditions and circumstances.
- Preventive measures, in the form of OSH management systems and a general safety culture, to reduce risks at work often do not reach the informal economy.
- High exposure to risks combined with low coverage of social protection place most informal economy workers in a very vulnerable situation.
- No labour protection → IE workers often subject to working conditions that can have adverse impacts on their health and well-being, such as long working hours.
- The fact that they often cannot benefit from income support benefits in case of sickness, maternity or disability also impact health outcomes.

Impact on SHP instruments

- **According to International Social Security Standards:**
 - Health benefits are not proportional to past earnings and
 - Should be provided regardless of people being engaged «in gainful employment» (ILO R69).
- So some countries decided to cover the entire population, including those in the informal economy, implementing a non-contributory scheme (i.e. Malaysia)
- Other countries decided to combine contributory and non-contributory schemes (i.e. Thailand)
- Other countries decided they wished to use social protection as an incentive for formalization, and proposed progressive subsidies (full for the poorest, partial for others) (i.e. Kazakhstan, Rwanda).

In many countries...

Because of resource constraints

- There are schemes for formal workers (private sector / civil servants),
- And subsidized programmes for the poor or specific categories of population (i.e. pregnant women and children under 5),
- Leaving the informal economy in the middle, without coverage options

Thank you for your attention

