

Extending Social Protection to Informal Workers

Briefing Note

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In Accra, Ghana, informal head load porter (or kayayei) Rebecca Litey sells fish in Agboghloshie Market. With support from WIEGO, many kayayei in Agboghloshie were able to register and gain better information on available healthcare services through the Ghanaian National Insurance Scheme. Photo: Jonathan Torgovnik/Getty Images Reportage

Informal workers make up over 60 per cent of the global workforce, representing two billion people, yet they are often excluded from all forms of social protection.¹ They cannot access employment-related protections because they are not in a standard employment relationship, and they

often cannot access protections available to the vulnerable poor because they are able-bodied adults of working age. Furthermore, the specific risks women informal workers face both in production and social reproduction are often not prioritized by social protection policies.

¹ ILO. 2018. Women and men in the informal economy: A statistical picture. Third edition. Geneva: ILO. Available at: https://www.ilo.org/global/publications/books/WCMS_626831/lang--en/index.htm



In Durban, South Africa, a baby sleeps while her mother, a street vendor in Warwick Junction Market, sells her wares. Lacking child care alternatives, many women vendors have no choice but to bring their children with them to work. Photo: Asiye eTafuleni

Their exclusion from social protection violates their right to social security enshrined in the Universal Declaration of Human Rights (art. 22 and 23) and agreed international labour standards such as the [ILO Convention 102 on Social Security](#), the [ILO Recommendation 202 on Social Protection Floors](#), and [ILO Recommendation 204 on the Transition from the Informal to the Formal Economy](#).² The International Labour Organization (ILO) Convention 102 on Social Security highlights nine work-related contingencies that all workers should be protected against as a minimum. These social security measures take the form of medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit and survivors' benefit. In addition, ILO

Recommendation 202 on Social Protection Floors promotes “*nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion* (art. 2).” Social protection floors are intended to be part of the national social security system and provide healthcare and income security to those who cannot work, such as children and the elderly, as well as promote healthcare and sickness, unemployment, disability, and maternity benefits for those of working age. They should promote universal benefits enshrined in national law in order to reach informal workers who are among the working poor. Social protection systems are critical to the decent work agenda set out by the ILO, and are a component of, rather than

² All ILO Conventions and Recommendations are available at: <https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:1:>

a replacement for, the labour regulations that protect workers' rights.

Extending social protection to informal workers is one way to support the transition from the informal to the formal economy as highlighted in ILO Recommendation 204. In order to understand risk and vulnerability in the informal economy, as well as the possibilities for extension of social protections, a **gendered and multi-dimensional approach** is needed. Notable features of the informal economy are that it is heterogeneous — there are numerous sectors, statuses in employment and places of work that differentiate informal workers from one another — and women are overrepresented in occupations with a lower chance of high returns. Globally, women are more likely to be in the lowest earning forms of informal work as own account workers, industrial outworkers and contributing family workers.³ This includes street vendors, waste pickers and home-based workers. Domestic work is also an important source of informal employment for women, particularly migrant women, and is characterized by low earnings, poor working conditions, and a lack of social protection coverage.⁴

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WIEGO draws on the Social Protection framework laid out in Francie Lund and Smita Srinivas's [Learning from experience: A gendered approach to social protection for workers in the informal economy \(2000\)](#).⁵ This framework understands risk, vulnerability and protection through an

analysis of the intersections between **work** (sector, status in employment, place of work), **stage in the life cycle**, and **gender**.

For instance, a woman street vendor faces health risks due to her work on crowded city streets. The pollution, long working hours and heavy loads she carries can lead to joint and muscle pain and respiratory diseases. In addition, she will experience other health needs, such as sexual and reproductive healthcare, across her life cycle. Though she may have access to a public hospital, she may not seek out healthcare because waiting times are too long, resulting in a loss of her daily income. Her low earnings will limit her access to health insurance, private healthcare, and child care services. She will have no access to maternity protections as she is self-employed and does not contribute to social security. As she grows older, her meagre earnings across her working life will mean she will not have enough savings to maintain herself in her old age. She may have access to a social pension, but the low value of such cash transfers will mean she will continue working to earn an income. She may also provide care for children or other aging adults in the household, even though she increasingly requires care herself.

Considering ILO labour standards, and building on the Lund and Srinivas framework, social protection from women informal workers' perspective must include:

- i. **Fair financing for informal workers:** Not all informal workers are poor, but there is a [higher risk of poverty](#) for workers in the informal economy.⁶ Contributory, voluntary social insurance schemes are a common method of extending social protection to informal workers, but access is limited to those who can contribute. The most vulnerable informal workers who are primarily self-employed women (i.e. own account workers, industrial outworkers, and contributing

³ Chen. M. 2012. The informal economy: Definitions, theories and policies, WIEGO Working Paper No.1. Cambridge, MA: WIEGO. Available at: http://www.wiego.org/sites/wiego.org/files/publications/files/Chen_WIEGO_WP1.pdf

⁴ ILO. 2016. Social protection for domestic workers: key policy trends and statistics. Geneva: ILO, 2016

⁵ Lund, F. and S. Srinivas. 2000. Learning from experience: A gendered approach to social protection for workers in the informal economy. Geneva: ILO. Available at: https://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_PUBL_9221121070_EN/lang--en/index.htm

⁶ Chen. M. 2012.



This home-based worker in Ahmedabad, India, is rolling incense sticks, a highly repetitive task that can lead to health problems. Without access to healthcare, however, it is likely she will suffer long-term effects from her work, such as joint pain. Photo: Leslie Vryenhoek

family workers) often cannot afford these schemes. Furthermore, self-employed informal workers do not have an employer who can co-contribute to social insurance schemes and may end up paying a proportionally higher share of their income to join these schemes than employees in the formal sector. Social assistance schemes, such as cash transfers, financed through regressive tax systems may also hinder greater income redistribution, particularly in the absence of quality public services and labour protections.

ii. Services adapted to the specific needs of informal workers: Services such as health, child care, water and sanitation are often designed with little regard for the way they may impact on the income security of informal workers. This downloads risks and costs onto poor workers, undermining incomes.

Women informal workers experience this more intensely because of their disproportionate responsibility to care for children, the ill and elderly in their own households, which is made more difficult in the absence of basic social services such as healthcare and child care. For example, women workers pay for additional support when child care services open and close before and after working hours. Long waiting times at healthcare facilities result in a loss of daily income and are a deterrent for informal workers seeking care.

iii. Integrated benefits packages: Informal workers do not benefit from paid maternity leave or sick leave. When they cannot work, they lose income. Yet extending access to maternity leave through a cash grant, for instance, does not address all the risks women informal workers face when they take



Padma, a representative from the Self Employed Women's Association (SEWA), a trade union for poor, self-employed women in the informal sector, leads a nutrition program for mothers at the BALSEWA Center. The Center holistically addresses issues for women working in the informal sector by providing affordable daycare, health check-ups and educational programmes. The Center's daycare allows SEWA members to earn essential income for their family while keeping their children in a safe educational space. Photo: Paula Bronstein/Getty Images Reportage

time off work. Without employment contracts or municipal trading licenses securing their economic activity, informal workers do not have a guarantee that they can return to work after maternity leave or sick leave. Therefore, social security benefits must operate across different levels of the state, linked to measures to secure employment through labour law in the case of informal wage workers, such as domestic workers, and urban management systems in the case of self-employed workers operating in urban public spaces, such as street vendors, market traders and waste pickers.

iv. Decent work for all informal workers engaged in care and social provision: Informal workers are involved in the delivery of social services as community healthcare workers, domestic workers, or care cooperative members.⁷ Their organizations may also provide community outreach services to connect informal workers to public services and social protection schemes. Governments and private providers should be promoting decent work for all workers associated with service delivery, whether they are seeking formalization as employees, are in a cooperative, or prefer to remain as self-employed workers.

⁷ ILO and WIEGO. 2018. Cooperatives meeting informal economy workers' child care needs. Geneva: ILO. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/publication/wcms_626682.pdf

v. Representation of informal workers: Informal workers are often excluded from tripartite structures between government, employers, and trade unions because they are not recognized as workers or are prohibited from organizing. Informal workers must be represented in the mechanisms governing the design, implementation and management of social protection schemes. Within informal workers' organizations, women should be equally visible at all leadership levels to ensure social protection policies address the specific risks they face as women workers.

Noting these concerns, there are four key ways in which governments can extend social protection coverage to informal workers:

1. Universal social assistance programmes that are non-contributory, such as cash transfers or fully subsidized insurance schemes, can reach informal workers and their households. The ILO defines social assistance as, *“the provision of social security benefits financed from the general revenue of the government rather than by individual contributions, with benefits adjusted to the person’s needs.”*⁸

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Social safety nets are different from universal social assistance grants as they are limited in their scope aiming to reach only the very poor and primarily targeted at those outside of the labour market such as children, the elderly, and people living with disability.⁹ Many informal workers do not qualify for safety net programmes because they are not deemed

sufficiently poor or, as adults of working age, are not included within targeted groups.¹⁰ Conditional cash transfers, such as child grants tied to education and health outcomes, may also place an additional burden on women to meet the conditions while also working to earn an income.

Therefore, governments should prioritize extending universal cash transfers, rather than safety nets, to provide a source of income to informal workers across their life cycle. This is particularly important for poorer informal workers with limited or no contributory capacity. As women are concentrated in low paid informal work, social assistance in the form of universal child grants, maternity benefits and social pensions can redress some of the gender inequalities reproduced in the labour market. For instance, a child grant can support women with child care costs when they have young children in their care. A maternity benefit and social pension can provide them with some income during periods when they cannot work. Universal social assistance programmes are financed through tax revenue and should be complemented by contributory social insurance schemes in order to build a financially sustainable national social protection system.

2. Extending social insurance schemes to include informal workers is another possible avenue, particularly suited to those informal workers with some contributory capacity. Social insurance refers to *“the provision of social security benefits financed by contributions, which are normally shared between employers and workers, with perhaps government participation in the form of a supplementary contribution or other subsidy.”*¹¹ In the absence of an employer, self-employed workers must take on full responsibility for social security contributions themselves, and this often poses a significant financial barrier. Voluntary contributory schemes aimed at encouraging informal workers to join social insurance

⁸ ILO. 2016. Glossary: Social Protection Assessment Based National Dialogues. Geneva: ILO Available at: <http://secsoc.ilo.org/abnd/abndlibrary.html>

⁹ World Bank. 2018. The State of Social Safety Nets 2018. Washington D.C.: World Bank.

¹⁰ ILO. 2017. World Social Protection Report 2017-2019. Geneva: ILO. Available at: https://www.ilo.org/global/publications/books/WCMS_604882/lang--en/index.htm

¹¹ ILO. 2016.

programmes often fail due to this reason. Voluntary schemes also fail when they have cumbersome and inappropriate registration procedures, and workers are unsure of the benefits they will receive in return from the state. Governments must explore contributory schemes that do not only rely on contributions from informal workers themselves, but also from other actors such as public authorities, those who profit from their work, and cross-subsidies from formal sector contributions.

Extending social insurance to informal workers is complicated, but not impossible. The way in which this can be achieved depends on i) the status in employment of the worker, and ii) the size and shape of the informal economy.

- In economies where there are many informal wage workers, an employment relationship can be established and contributions from employers enforced through the labour machinery. For example, domestic workers in South Africa are covered by the Unemployment Insurance Fund into which their employers must contribute.

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- Self-employed informal workers in countries with high levels of formal employment may be cross-subsidized by the social security contributions of formal workers and their employers. For example, in Uruguay, the microentrepreneurs who sign up to the monotax are entitled to the benefits of the contributory social security system (except unemployment benefit). It has proven to be an effective tool for extending social security coverage to women independent workers in particular.¹²

- Self-employed workers in countries with high informality perhaps present the greatest challenge. However, there are examples of creative solutions, many of them developed by organizations of informal workers themselves working together with the state. In India, Mathadi Boards provide social protection for headload porters, which is financed through an additional charge levied onto the cost of hiring the headload porter. In another example from Pune, India, the Pune Municipal Corporation pays the health insurance premiums of registered self-employed waste pickers. In Togo, social contributions for motor taxi drivers have been attached to cooperative credit payments.

Importantly, across all the schemes mentioned above, there is some form of co-contribution — i.e. informal workers are not the sole contributors to their own social protection and these schemes do not rely only on voluntary individual contributions. An important question is how informal workers can leverage economic relationships outside of the traditional employer-employee relationship so that those who profit from their work also contribute to their protection.

- 3. Improving access to and quality of public services** is the bedrock of effective social protection policies. The impact of social assistance programmes and social insurance schemes on poverty alleviation and gender inequality are greatly enhanced if women informal workers have access to quality public services such as healthcare and child care. Long waiting times, high user fees and poor quality services mean informal workers either do not seek out or do not have access to preventative care. The costs of healthcare and child care can lead to debt for informal workers with low earnings. When these public services are not available, it is women informal workers who take time away from work to care for the ill and young children, thus reducing their daily income and savings over the long-term.

¹² ILO. 2014. Monotributo en América Latina. Los casos de Argentina, Brasil y Uruguay, Lima: ILO. Available at: https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_357452.pdf



Isabel Felicita Apasaquispe collects recyclables at the local municipality of Los Olivos in Lima, Peru. According to the law, waste pickers are entitled to receive recyclable materials, including metals, textiles, plastics etc. However, sometimes local authorities are not aware of what is mandated by law and put limitations on the types of materials waste pickers can collect. Waste pickers' organizations play an important role in educating their members about their rights. Photo: Juan Arredondo/Getty Images Reportage

4. **Aligning urban policies with social protection**

systems is the next challenge in a rapidly urbanizing world. Urban policies and regulations govern the workplaces and conditions of work for the many informal workers operating from their own homes or on roadsides and markets in cities. Urban policies often undermine informal workers' incomes, thereby contradicting the goals of social protection to provide income security. For instance, urban health regulations can lead municipalities to shut down informal markets or home-based businesses. For social

protection policies to be effective, there is a need for greater policy coherence with urban planning, policies and regulations.

Sustainable and effective national social protection systems that provide universal coverage must extend a combination of social assistance, social insurance and social services to informal workers. Social protection systems, though largely administered at the national level, must engage with informal worker organizations and local administrations in coordination with urban policies to protect informal workers' incomes across the life cycle.

About WIEGO: Women in Informal Employment: Globalizing and Organizing is a global network focused on securing livelihoods for the working poor, especially women, in the informal economy. We believe all workers should have equal economic opportunities and rights. WIEGO creates change by building capacity among informal worker organizations, expanding the knowledge base, and influencing local, national and international policies. Visit www.wiego.org.