



International
Labour
Organization

Social Protection for formal and informal economy workers

OTUWA/Solidarity Centre AFL/CIO Sub-Regional Meeting on Key ECOWAS Protocols for West-African Trade Unions

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International Labour Organization

Contents

- Informal Economy and Social Protection in the ECOWAS Region
- Regional Policy Frameworks
- ILO standards for Social Protection
- Good practices at national & regional level
- Recommendations for increased coverage and improved access to benefits



Informal Economy and Social Protection in the ECOWAS Region

Western Africa has the largest percentage of informal workers in the world

Africa		Africa	Northern Africa	Sub-Saharan Africa	Central Africa ²⁵	Eastern Africa	Southern Africa	Western Africa
1	Share of informal employment and its components in total employment ²⁶	85.8	67.3	89.2	91.0	91.6	40.2	92.4
	In the informal sector	76.0	58.1	79.2	83.5	82.9	27.6	79.6
	In the formal sector	5.5	8.4	5.0	6.9	4.8	4.9	4.4
	In households	4.3	0.7	5.0	0.6	3.8	7.7	8.3
2	Share of non-agricultural informal employment and its components in non-agricultural employment	71.9	56.3	76.8	78.8	76.6	36.1	87.0
	In the informal sector	59.2	46.2	63.3	63.4	59.6	23.5	76.9
	In the formal sector	9.4	9.2	9.5	14.5	11.4	5.0	7.0
	In households	3.4	1.0	4.2	0.9	5.8	7.6	3.2
Informal employment rate by:								
3	Sex							
	Male	82.7	68.5	86.4	87.1	89.1	38.4	89.8
	... excluding agriculture	67.7	59.7	71.6	73.2	72.3	34.4	81.0
	Female	89.7	62.2	92.1	95.2	94.0	42.4	95.0
... excluding agriculture	78.6	41.5	82.8	88.2	82.1	38.2	92.3	



Informal Economy and Social Protection in the ECOWAS Region

Cabo Verde and Gambia have the smallest percentage of informal workers in the region, where Benin, Burkina Faso and Nigeria have the highest numbers.

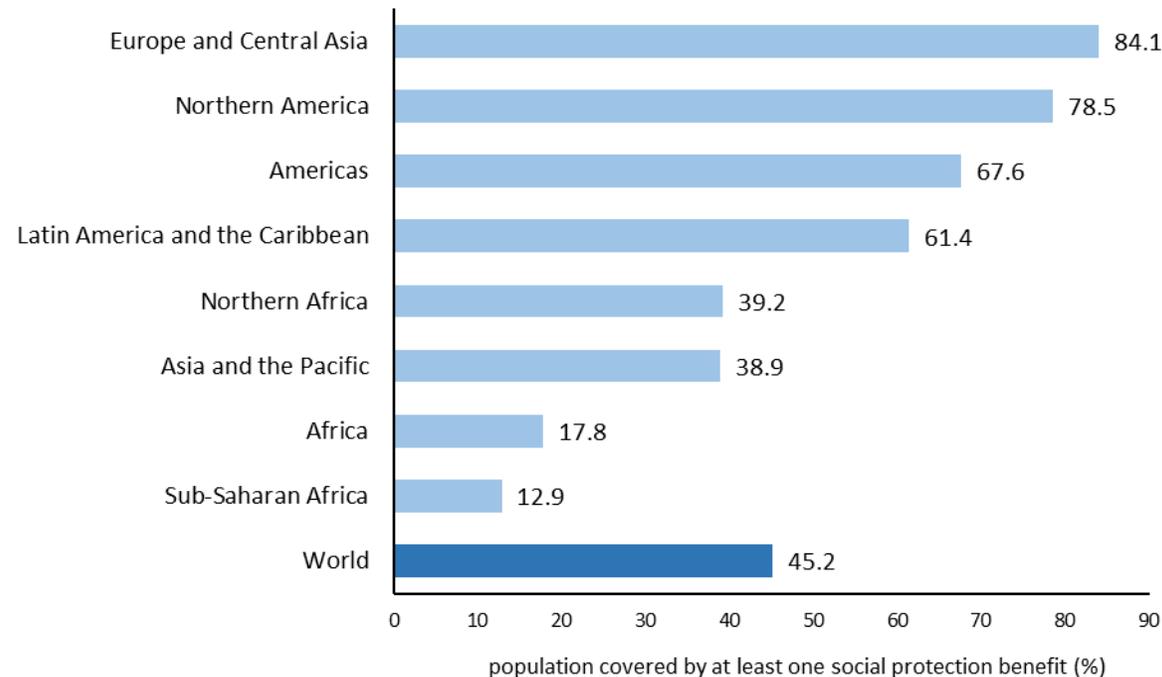
		Share of informal employment in total employment (%)											
		Total				Men				Women			
		Total	In the informal sector	In the formal sector	In households	Total	In the informal sector	In the formal sector	In households	Total	In the informal sector	In the formal sector	In households
<i>Western Africa</i>													
→	Benin	94.5	90.6	2.8	1.1	91.6	87.1	4.2	0.3	97.2	93.8	1.5	1.9
→	Burkina Faso	94.6	65.5	9.6	19.5	91.3	65.3	9.7	16.2	97.6	65.7	9.5	22.5
→	Cabo Verde	46.5	31.9	6.0	8.5	49.1	41.8	5.3	2.0	43.8	21.7	6.7	15.3
	Côte d'Ivoire	92.8	86.0	5.2	1.6	90.7	83.7	6.6	0.4	95.9	89.5	3.1	3.3
→	Gambia	76.7	62.5	7.1	7.1	70.4	53.4	8.8	8.2	84.7	74.1	4.9	5.8
	Ghana	90.1	84.8	4.9	0.5	86.0	79.7	5.9	0.4	94.0	89.5	3.9	0.7
	Liberia	86.8	79.1	6.0	1.7	81.5	70.6	9.0	2.0	92.0	87.6	3.0	1.4
	Mali	92.7	74.2	4.1	14.4	90.8	68.5	6.1	16.2	95.0	80.9	1.7	12.4
	Niger	91.3	77.3	9.6	4.5	87.4	69.8	12.5	5.1	95.9	86.1	6.2	3.7
→	Nigeria	92.9	80.4	2.9	9.6	90.8	78.8	3.7	8.3	95.1	82.1	2.0	11.0
	Senegal	91.2	70.9	14.0	6.2	89.5	68.8	18.2	2.5	93.7	74.0	7.9	11.8
	Sierra Leone	92.5	89.8	1.0	1.7	92.9	90.1	1.0	1.8	92.1	89.5	1.0	1.5
	Togo	92.8	80.6	5.8	6.4	90.3	77.2	7.5	5.6	95.2	83.8	4.2	7.2



Informal Economy and Social Protection in the ECOWAS Region

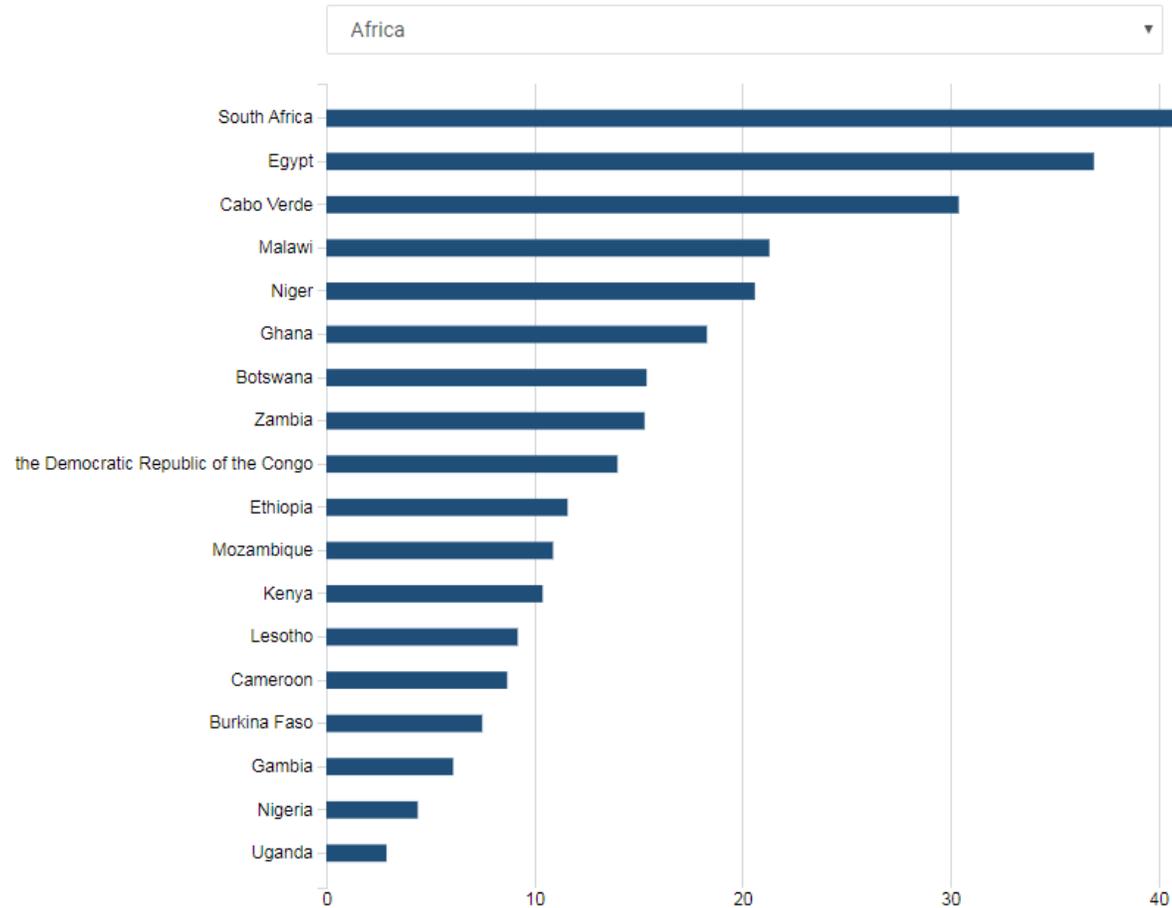
SDG indicator 1.3.1: Percentage of the total population covered by at least one social protection benefit (effective coverage), 2015

Sub-Saharan Africa has the lowest coverage in social protection globally



Informal Economy and Social Protection in the ECOWAS Region

PERCENTAGE OF THE TOTAL POPULATION COVERED BY AT LEAST ONE SOCIAL PROTECTION BENEFIT (EFFECTIVE COVERAGE), 2015



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Informal Economy and Social Protection in the ECOWAS Region

ECOWAS Social Protection Coverage

	Population Covered by At Least One Social Protection Scheme (%)	Total Population Covered by Legal Health Coverage (%)	Working Population Covered by Employment Injury Schemes (%) (Estimate)		Elderly People Covered by Pensions (%)	Mothers with newborns receiving cash benefit, 2015 (%)
			Mandatory Coverage	Voluntary Coverage		
Benin	n.a.	9.0	5.2	0.0	9.7	n.a.
Burkina Faso	7.5	1.0	5.5	0.0	2.7	0.4
Cape Verde	30.4	65.0	56.6	0.0	85.8	10.7
Cote d'Ivoire	n.a.	1.2	14.7	46.2	7.7	n.a.
The Gambia	6.1	99.9	23.4	0.0	17.0	n.a.
Ghana	18.3	40.0	16.6	0.0	33.3	41.7
Guinea	n.a.	0.2	30.8	0.0	8.8	n.a.
Guinea-Bissau	n.a.	1.6	n.a	n.a	6.2	n.a.
Liberia	n.a.	n.a	80.5	0.0	n.a	n.a.
Mali	n.a.	1.9	8.6	57.2	2.7	n.a.
Niger	20.6	3.1	90.9	0.0	5.8	n.a.
Nigeria	4.4	2.2	32.8	0.0	7.8	0.4
Senegal	n.a.	20.1	27.3	34.0	23.5	n.a.
Sierra Leone	n.a.	0.0	6.1	0.0	0.9	n.a.
Togo	n.a.	4.0	84.2	0.0	10.9	n.a.



Informal Economy and Social Protection in the ECOWAS region

Risks and vulnerabilities in the informal economy

- In developing and emerging countries, in-work poverty risk is twice as high among informal economy workers.
- Provides opportunities for the violation of fundamental principles and rights at work, leading to child labour, forced labour and discrimination.
- Associated with a lesser capacity for the organization and representation of social partners, and hence workers and employers cannot freely exercise their right to freedom of association and collective bargaining.
- There is no simple link between changes in income, poverty and movements into and out of informality
- Informal economy workers face high occupational risks
- Inferior working conditions are reflected in a large informal-formal job satisfaction gap
- Absence of adequate risk management instruments makes informal economy workers and their families vulnerable (often excluded from social protection, OSH, skills policies and social dialogue)
- Risks and vulnerabilities are particularly high for women in the informal economy



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Regional Policy frameworks on Social protection

The Right to Social Protection

Global

- **Universal Declaration of Human Rights (1948)**
- **International Covenant on Economic, Social and Cultural Rights (1966)**
- **The Sustainable Development Goals (SDGs) adopted at the UN General Assembly in 2015 to “implement nationally appropriate social protection systems for all, including floors”**

Africa

- **African Common Position on Human and Social Development in Africa (1994)**
- **Ouagadougou Declaration and Plan of Action on employment and poverty alleviation in Africa (2004)**
- **Social Policy Framework for Africa (ratified by heads of state in 2009)**
- **The Yaoundé Tripartite Declaration on the implementation of Social Protection Floors (2010)**
- **Social Ministers’ Khartoum Declaration on Social Policy Action (2020)**
- **The Addis Ababa Declaration on Social Protection for Inclusive Development (2015)**
- **African Union Migration Policy Framework (2018-2027)**



Regional Policy frameworks on Social protection

Legal and Policy framework ECOWAS

- Free Movement of Persons Protocol (1979)
- ECOWAS Vision 2020 (2007)
- General Convention on Social Security (as a Supplementary Act to the ECOWAS Revised Treaty) (2013)
- CIPRES Convention on social security (another international instrument for the protection of the rights on social security for migrant workers (8 out of 15 ECOWAS countries ratified)
- The Strategic Framework for Strengthening National Child Protection (2017)
- ECOWAS regional Poverty Reduction Strategy
- The Agricultural Policy
- **In development:** Social Protection Framework



Regional Policy frameworks on Social protection

Legal and Policy framework ECOWAS States

- National legal frameworks include for most countries: codes, laws and other legal acts on social protection/social security child rights, education, anti-trafficking, food security and agriculture development , sustainable livelihoods and decent work agenda, social health protection , and gender equity.
- Among the fifteen ECOWAS Member states, twelve have developed a comprehensive social protection policy. The remaining three countries have strategies and legal frameworks on social protection.
- Benin, Burkina Faso, The Gambia, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo have developed social protection policy that are complete and coherent, but not fully implemented.
- Capo Verde has one of the most comprehensive policy and programmes implementation.
- Cote d'Ivoire has developed a strategy on social protection. Guinea Bissau has some legal framework on social protection.



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ILO standards for Social Protection

Social protection systems, including floors → Responsive to life-cycle contingencies

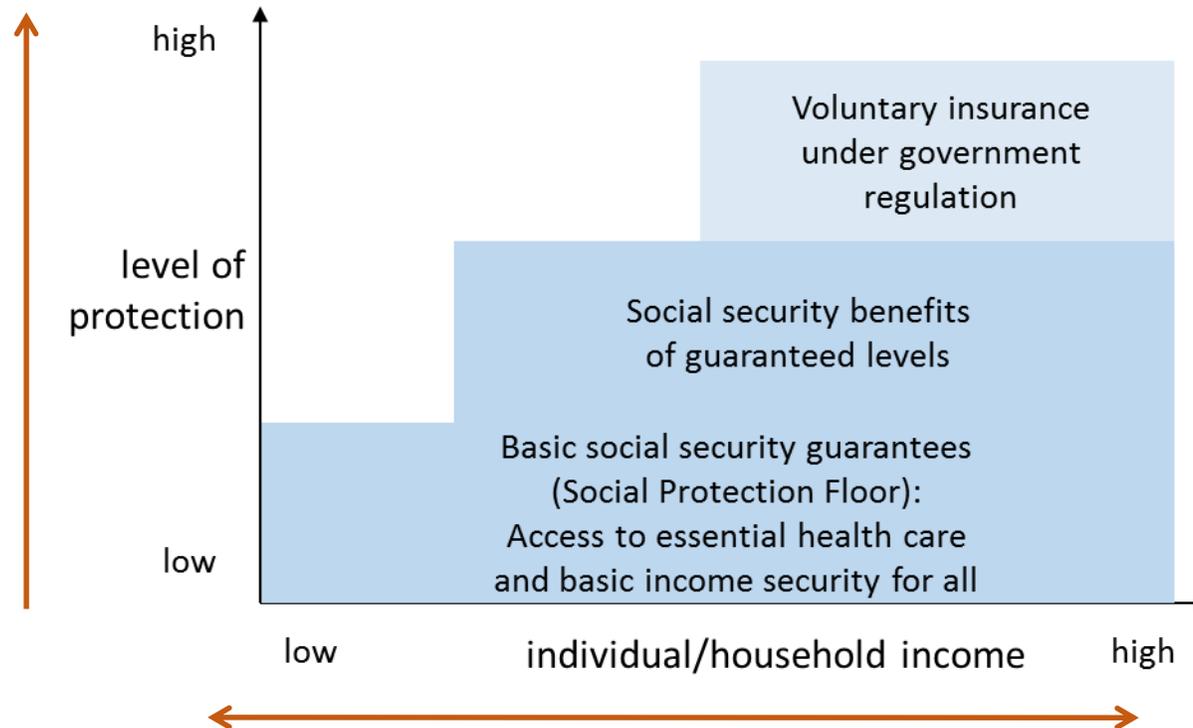


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ILO standards for Social Protection

ILO's two dimensional Perspective in Social Protection

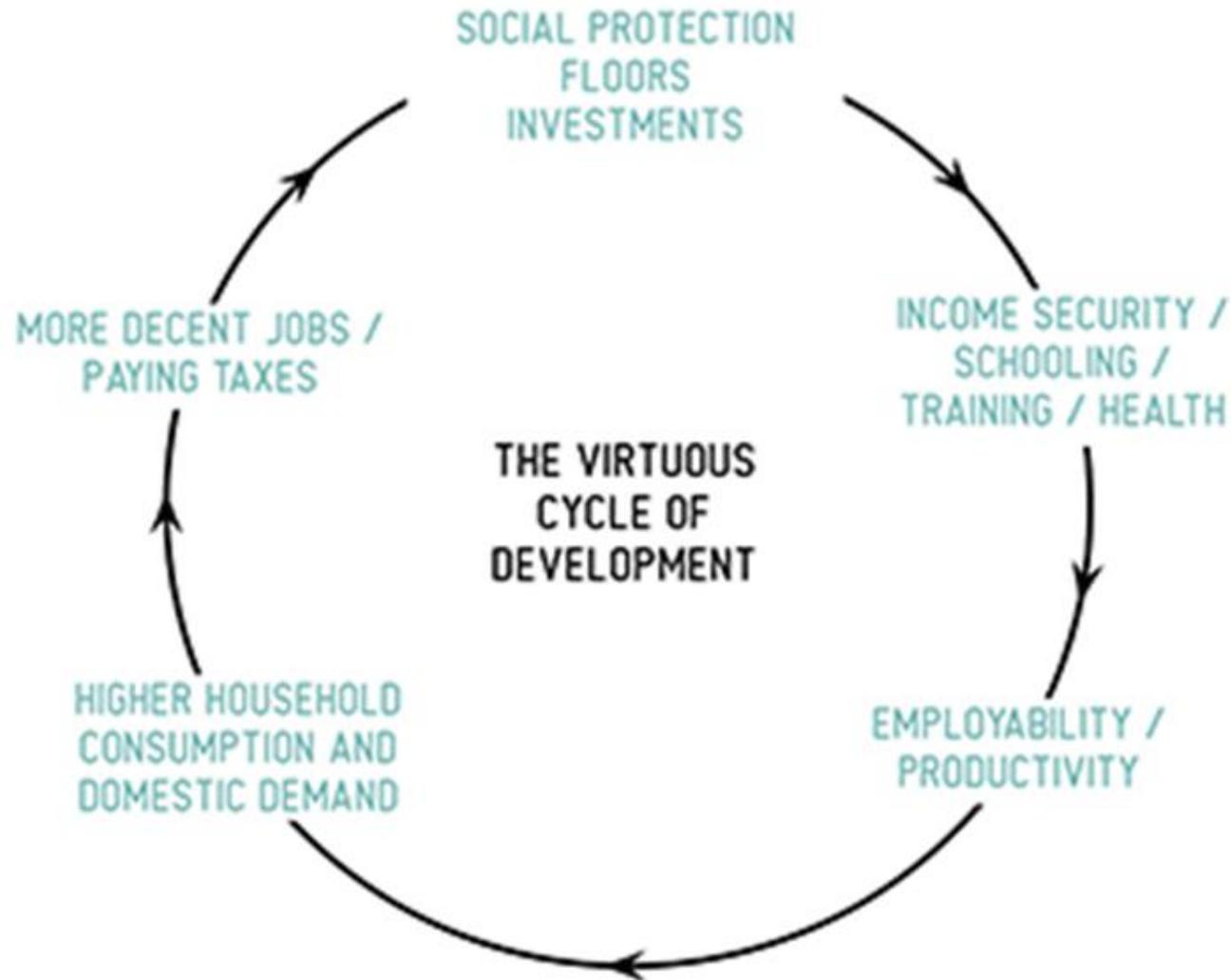
Vertical dimension:
progressively ensuring
higher levels of
protection, guided by
Convention No.102
and more advanced
standards



Horizontal dimension:
Guaranteeing access to essential health care
and minimum income security for all,
guided by **Recommendation No. 202**



ILO Standards for Social Protection



ILO Standards for Social Protection

The benefits of social protection

1. Reduce Poverty and inequality
2. Inequality is economically inefficient/dysfunctional
3. Raising the incomes of the poor increases domestic consumption, which is an economic stabilizer.
4. Enhances human capital and productive employment
5. Reduces hunger and malnutrition
6. Increases productivity of workers
7. In children it has resulted in better education and health outcomes
8. Poverty and gross inequalities tend to generate intense social tension and violent conflict



Social Protection Coverage in the ECOWAS Region

Working without social protection presents economic and social challenges for individuals and society:

- In case of sickness, individuals pay upfront costs
- Extremely high risk of poverty for themselves and for their families
- Unable to invest in long-term wellbeing and growth.
- Low productivity in case of sickness
- This is, therefore, a social problem and rights problem but also an economic problem.



ILO Standards for Social Protection

2 main approaches on extending Social security, as reflected in ILO recommendations 202 and 204:

1. By extending coverage to workers in the informal economy independently of their status, effectively **building a social protection floor**;
2. **By formalizing workers** and facilitating their inclusion in existing social protection mechanisms, which contributes to progressively reaching higher levels of protection.



ILO Standards for Social Protection

ILO Recommendation 202 on Social Protection Floors (2012)

- All ILO member States should establish a **nationally defined social protection floor** that seeks to ensure that at least a **basic package of benefits** reaches those in need as a matter of rights throughout the entire life-cycle of the individual.
- Constitutes a fundamental element of their social security system. This should include at least four guarantees:
 - (i) access to health care throughout the individual's life cycle,
 - (ii) income security for children so that they may benefit from a standard of life which provides access to nutrition, health care, education, etc.,
 - (iii) income security for working age people and more specifically for those who are unable to earn sufficient income, and
 - (iv) income security via pensions in old age.



ILO Standards for Social Protection

R204 - Transition from the Informal to the Formal Economy

Recommendation, 2015 - transition to the formal economy as the means for realizing decent work for all and for achieving inclusive development.

- R204 provides guidance to Members to pursue a threefold objective:
 - (a) facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship,
 - (b) promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies; and
 - (c) prevent the informalization of formal economy jobs



ILO Standards for Social Protection

Recommendation 204 and social protection

- R204 provides guidance on tackling often found challenges. E.G., on simplifying administrative procedures which can prevent high levels of tax evasion and avoidance of social security contributions.
- R204 underlines the importance of establishing a comprehensive policy framework and improving coordination between government and other bodies for better access to formal employment which has a direct effect on social protection coverage, and for ensuring that nationally-defined social protection floors take into account the situation of workers in the informal economy.



Social Protection & Agenda 2030



Target 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day

Target 1.3 - Implement nationally appropriate social protection systems and measures *for all*, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable



Target 2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.



Target 3.8 - Achieve universal health coverage (UHC),



Target 5.4 - Recognize and value unpaid care and domestic work through the provision of (...) social protection policies(...).



Target 8.5 - By 2030 achieve full and productive employment and decent work for all women and men,



Target 10.4 - Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

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Good practices in extending Social Protection - Government

Facilitating the transition to formal economy -URUGUAY

- Uruguay's Monotax mechanism provides a way to facilitate procedures and lower the burden on MSEs. Similar mechanisms exist also in Argentina, Brazil and other countries.
- This mechanism allows some categories of microenterprises and self-employed to pay their taxes and social insurance contributions through simplified bureaucratic measures. This facilitates compliance and ensures the social protection of entrepreneurs and employees.

Sectoral Approaches - ARGENTINA

- In 2003, South Africa included domestic workers in unemployment insurance fund which provides unemployment benefits but also cash maternity benefits. This reform included the facilitation and simplification of mechanisms for private households to register domestic workers and contribute on their behalf.



Good practices in extending Social Protection -Government

Financing Health coverage -GHANA

- The National Health Insurance Scheme in Ghana contributes to universal health care coverage while minimizing out of pocket payments. Those in the formal economy pay contributions at a percentage of their salary, while those in the informal economy pay flat-rate contributions subsidized through earmarked tax revenues (from VAT on alcoholic beverages, cigarettes, luxury goods, etc.).
- A large proportion of the population are exempt from paying contributions such as children, pregnant women, older persons, etc. Based on this mixed financing model, Ghana currently covers about one third of the population for health care.

Universal Pensions- NAMIBIA

- Namibia provides a universal social pension. Any person over 60 years of age is entitled to a social pension without regard to one's income and whether they had worked in the formal or informal economy.
- Namibia is a scarcely populated country and the government makes great efforts to ensure that pensions are delivered throughout the country. While Namibia's social pension is universal, in other countries citizens are entitled to receive pensions only if they worked in the formal sector and contributed to social insurance.



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Strategies for increased coverage of Social Protection for informal workers

Promote informal workers' empowerment, enabling them to access fundamental principles and rights at work, such as freedom of association and recognition of the right to collective bargaining, as well as tripartite social dialogue:

- Formal Trade Unions can provide services and support to informal economy workers to promote their transition to formality for example by promoting the use of written contracts and inclusion in tripartite negotiations.
- Establishing dialogue between local governments and the associations of informal workers/entrepreneurs.
- Addressing the underlying barriers preventing informal workers from accessing wage jobs and/or growing their business: Workers' organisations and collective bargaining have been instrumental in some countries in reducing decent work deficits in the informal economy through progress in wages, working and living conditions, extension of social protection and better law enforcement.
- Reach out to transnational networks that provide research, statistical, technical and advocacy support to organisations of informal workers, such as Women in Informal Employment: Globalizing and Organizing (WIEGO) network.



Strategies for increased coverage of Social Protection for informal workers

Maternity Rights -PHILLIPINES

- The UNICEF/EU funded MYCNSIA project has had a direct effect on national labour legislation in the Philippines where maternity rights and social protection have been extended to informal workplaces. Workers pushed for lactation stations at informal workplaces under the breastfeeding act because informal workplaces were not initially considered in this law resulting in exclusion of women and their children.

Results: a memorandum of agreements was signed to define roles and responsibilities of workers and social partners with regards to the lactation stations in informal workplaces.

The workers' organisation developed modules for capacity building targeted at managers of lactation stations, and also local government. This has resulted in informal sector organizations and trade unions participating actively with government committees



Strategies for increased coverage of Social Protection for informal workers

Dialogue with local government Ghana

- Dialogue with local government over fire hazards and poor sanitation in Accra's public markets: process of negotiation over working conditions between the network of trader organisations in Accra (StreetNet Ghana Alliance) and the public administration that controls the markets (Accra Metropolitan Assembly [AMA]). Informal workers trained in effective negotiation skills and informed on the role of local government in the maintenance of markets, followed by a series of dialogues with the AMA.

Results: Working conditions improved: AMA agreed to deal with a clogged drain and to provide fire extinguishers, and asked the traders to form waste management committees to assist in monitoring in markets.

Mobilisation of institutional actors Brazil

- Workers Health Reference Centre (CEREST) intervention in the Piracicaba ceramic industry to facilitate an institutionalised agreement between employers and workers: multi-institutional intersectoral team set up and workers and employers informed about the need to improve living and working conditions to better workers' health and well-being. Seminars and workshops organised to discuss how to improve OSH and working conditions.

Results: Procedure Adjustment Term agreement reached between employers and workers, thanks to the intermediation of the CEREST and other institutional actors. Plants and living quarters renovated, and formal job contracts offered to workers, with access to social protection benefits such as worker compensation. Increase in workers' self-esteem, job satisfaction and profits.



Strategies for increased coverage of Social Protection for informal workers

Kyrgyzstan

- **“Step out of the shadow!”**: Tripartite partners used Cartoons to support a campaign to formalize the Kyrgyz economy.

Tajikistan

- **Telling serious things with humour: Mobile theater in Tajikistan.** Trade unions are using theatrics to illustrate the consequences of informal employment.



Thanks for your attention



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