

Including informal workers within social protection systems: A summary of options

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This document was developed to summarise existing literature (most prominently ILO 2021; UNDP 2021) for decision-makers and situate that literature against opportunities, challenges and lessons learned during COVID-19. It thus draws heavily on existing work. World Bank (2021) came out as this document was being published.

November 2021

Suggested citation: Barca, V., Alferts, L. (2021) 'Including informal workers within social protection systems – a summary of options', Social Protection Approaches to COVID-19 Expert Advice Service (SPACE), DAI Global UK Ltd, United Kingdom

Implemented by



This document was developed alongside others in the SPACE series (all available [here](#)).

SPACE is a joint initiative of FCDO's Better Assistance in Crises (BASIC) and Gender Responsive Social Protection (GSP) programmes (funded by UKAid); GIZ (funded by the German Federal Ministry for Economic Cooperation and Development); and the Australian Government through the Department of Foreign Affairs and Trade (DFAT). SPACE materials do not necessarily represent FCDO, or GIZ or DFAT's own views or policies or commit FCDO, GIZ or DFAT to any particular course of action.

Executive Summary

Informal workers, who make up over 60 per cent of the global working population, and significantly more than that in most low-income countries – **are social protection’s “missing majority.”** The exclusion of informal workers from social protection contravenes international human and labour rights standards, and is also likely to undermine economic recovery, particularly in low-income countries where informal employment predominates.

The informal economy is not homogenous and exhibits distinct gender segmentation, with women concentrated in the forms of informal employment which have the lowest returns. Designing social protection policies and programmes to address the needs of informal workers requires an understanding of the specific size and heterogenous shape of the informal economy in each context. This also underscores the importance of adequate national-level sex-disaggregated data on informal employment.

Due to the range of types of employment and incomes in the informal economy, **to provide coverage for this group, social protection programmes should combine elements of both social assistance and social insurance.** This requires moving beyond the current development focus on social assistance alone, to consider how to make social insurance and other contributory programmes more inclusive of workers outside of a standard employment relationship - and how to ensure closer integration of social assistance and insurance programmes.

- Although it is more challenging to extend contributory social protection to workers outside of a standard employment relationship, there are **many examples of relatively simple adaptations that can be made to social insurance schemes to make them more accessible to informal workers.** Such adaptations include options for solidarity financing, for facilitating, simplifying and incentivising access, for guaranteeing transparency, accountability and social dialogue, and for establishing supportive legal frameworks. Many countries have achieved important gains via these measures.
- **Social assistance also has a key role to play** in more inclusive social protection systems, particularly for poorer informal workers who are also more likely to be women. Experiences during the Covid-19 crisis have generated a wealth of evidence on what is feasible within existing social protection systems. These should be capitalised.

Social protection interventions should also be considered in the context of **strengthening linkages to economic support measures** (for example targeted business support to the most micro of enterprises), as well as **access to quality public services such as health and child care**, which can support the incomes of women informal workers in particular.

Social insurance

- Major overarching policy decisions include whether to make the scheme voluntary or mandatory and whether to create a separate scheme or integrate informal workers into an existing scheme
- Consider design options that can help to make contributory schemes work better for workers in the informal economy:
 - Solidarity financing, entirely or partially purchasing or subsidising insurance premiums or contributions for low-income groups
 - Facilitating, simplifying and incentivising access
 - Accessible registration (that recognises different informal worker categories)
 - Simplified payment regimes
 - More flexible arrangements
 - Designing benefits that better meet informal workers’ (short and long-term) needs
 - Tailored awareness raising
 - Guaranteeing transparency, accountability and social dialogue
 - Options focused on supportive legislation
 - For workers who are in an employment relationship (such as domestic workers), it is easier to cover these with minor amendments to existing labour and social security law

- For workers who are subcontracted into global supply chains (such as homeworkers), it is possible to implement new legislation placing responsibility on contractors for social and labour protections
- For those who are genuinely self-employed (such as street vendors or subsistence farmers), there are higher legal and practical challenges¹, requiring innovative approaches such as a) a shift beyond ‘employment relationships’ within labour and social protection law to include self-employed and own-account workers in social security legislation and schemes; b) the establishment of specific social insurance schemes for own-account/ self-employed workers

Social assistance

- Programmes that do not explicitly exclude informal workers are primarily those that are categorically targeted, child grants above all, but also old-age social pensions.
- Certain design and implementation characteristics of routine programmes may also facilitate access and/or impacts for informal workers, even where these programmes are poverty targeted and not categorical. These will include:
 - Ensuring a high threshold for exclusion, focusing on affluence-testing more than poverty-targeting
 - Enabling on-demand registration – so people can apply when in need
 - Drawing on data and expertise from informal sector organisations
 - Ensuring cash modalities rather than food (which is sourced centrally) or restricted voucher payment options.
- COVID-19 social protection responses have generated innovative experiences and present opportunities for learning and better preparing for future large-scale shocks that affect informal workers.

Active labour market and economic inclusion

- Supporting informal workers will require considering combined economic empowerment and inclusion measures that go beyond the realm of pure social assistance or social insurance. This may include:
 - Tailored business support and measures aimed at increasing skills, jobs and entrepreneurial opportunities
 - Low or no-interest credit and loans
 - Preferential access to markets
 - Supportive urban regulations and infrastructure
- Critical to such support is guaranteeing access to informal workers – by reducing barriers which particularly stop informal workers from taking up these services

Complementary public services

- Accessible public services including childcare, health care and care for older persons, are central to the livelihoods of informal workers – and especially women. This may include:
 - Quality and state-supported child-care provision, and care for older persons.
 - Universal health coverage, or at a minimum heavily subsidised health insurance schemes that do not hinge on formal employment status
 - Labour protections to improve working conditions and the work environment.

¹ Namely: a) the diversity of circumstances, needs and contributory capacities among self-employed workers; b) the “double contribution challenge” – i.e. the requirement that self-employed workers assume the full contribution; c) the administrative burden in terms of income declaration, record-keeping, contribution collection and benefit claims (ILO, 2021).

Introduction

Informal workers are those workers who do not have access to labour protections, or to social protection through work. They are found both within the formal sector (within registered enterprises), the informal sector (within unregistered enterprises), and within households. Together, informal workers and informal enterprises (the informal sector) and the economic outputs thereof are known as the informal economy. While informal workers are often equated to workers who do not pay taxes, it should be noted they often do pay taxes and other fees such as market taxes, property taxes, local business licences, some presumptive taxes and other local fees. Informal workers are the majority of the world’s workers, making up 61 % of total global employment, and 90 % of total employment in low-income countries.²

When it comes to social protection, informal workers fall into what is commonly known as “the missing middle” – increasingly referred to as the “missing majority”. As adults of working age, many informal workers are not deemed vulnerable enough or poor enough to benefit from social assistance grants, nor do their low and irregular/fluctuating earnings allow them to contribute to private or social insurance schemes. Moreover, they can be legally excluded from employment-linked social insurance schemes because they fall outside of what is commonly known as the ‘standard employment relationship’ (SER).

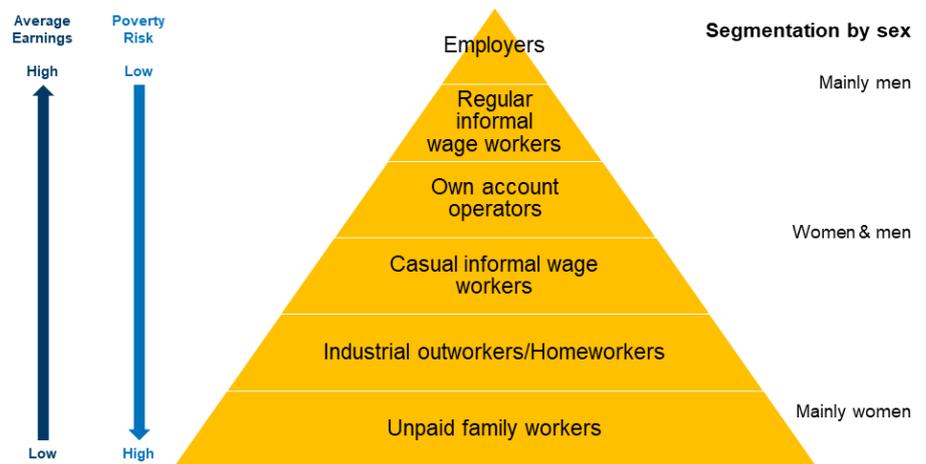
The exclusion of informal workers from social protection contravenes international human rights law. The Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights establish the right to social protection for all workers. Furthermore, the ILO’s Social Protection Floors Recommendation of 2012 (No. 202) and the Recommendation concerning the Transition from the Informal to the Formal Economy of 2015 (No. 204) provide for the extension of social protection to workers in the informal economy.

There is also an economic case to be made for the extension of social protection to informal workers. When workers do not have access to social protection, it is impossible to sustain aggregate demand (total demand for goods and services) during times of economic crisis and job/income losses which has an overall negative impact on the economy. The International Trade Union Confederation (ITUC) estimates that investing the equivalent of 1% of GDP can yield between 0.7 and 1.9 times the value in economic returns.³

In designing social protection schemes to reach informal workers it is important to recognise that the informal economy is heterogeneous.

An important distinction is between informal wage workers and the self-employed. Those in wage employment, such as domestic workers, may be more easily integrated into work-related schemes through the extension and enforcement of existing provisions. For the self-employed – who make up the majority of workers in low-income countries – no employer is present and more extensive adaptations are required.

Figure 1 The informal sector is not homogenous



Gender segmentation is another important feature of the informal economy. Women are concentrated in more precarious forms of employment, and their multiple intersecting risks based on

² [ILO \(2018b\).](#)

³ [ITUC/Development Pathways \(2021\).](#)

their status as women, and as workers must be recognised in the design of social protection systems (see Figure 1).

Designing social protection policies and programmes to address the needs of informal workers requires an understanding of the specific size and heterogenous shape of the informal economy in each context. This would include major occupations, sectors, statuses in employment and gender segmentation. This in turn requires data in different forms - national level sex-disaggregated data which may be drawn from labour and household surveys, as well as more targeted data that provides an idea of needs and priorities within specific occupational and/or sectoral groups.

Box 1 Formalisation

The term “formalisation” refers to the transition of informal enterprises and workers to ‘formality’, i.e. being registered with the state and/or receiving protections from the state. In practice, formalisation can have multiple meanings and can be achieved in different ways, including via the imposition of greater regulation and taxes which may further undermine the incomes and livelihoods of the most vulnerable informal workers. Understanding formalisation as merely expanding tax registration risks bloating tax registers without really raising revenues ([Gallien and Van den Boogaard \(2021\)](#)), and creates a disincentive towards formalisation when enterprises and workers see only the costs, but not the benefits, of formalisation.

It is critical that social protection advocates emphasise that, in line [with ILO’s Recommendation 204 \(2015\)](#), any attempts at formalisation should include the meaningful extension of social protection to informal workers, and that this should be done in a consultative and participatory manner. Moreover, as the [ILO points out](#) it is also possible to take a “two-track” view of formalisation. One track encourages formalisation directly by fostering higher levels of formal employment, and one track focuses on longer term formalisation and increases in decent work through investments in health, education and income security more generally.

Policy actions that will help include informal workers into social protection

Having understood the complexity of informal workers concerning social protection and ‘formalisation’, this Section briefly untangles key policy actions that can help address prevalent barriers to inclusion. In doing so, it heavily draws on ILO (2021) and UNDP (2021), among other publications. It should be noted that although the statistics used in this paper include estimates of employment in informal agriculture, on the whole, this paper is oriented towards non-agricultural informal employment⁴.

Contributory social protection

Informal workers are most often excluded from contributory social protection schemes (social insurance), for several reasons. The reality of informal work in low-income countries is that the majority of workers – [over 72%](#) – are self-employed. Self-employment is most significant as a component of total employment in sub-Saharan Africa (63 % overall and 70 % for women), and Asia Pacific (54 % overall and 53 % for women), while it is less prevalent in Latin America and the Caribbean (37% and 35 % for women). This creates several challenges for contributory schemes – which were originally designed around the presence of a formal employment relationship. Moreover, the low and irregular earnings of many informal workers are unsuited to schemes that require regular contributions over long time frames. At the same time, in a context of widespread poverty, it is often challenging for informal workers to prioritise social protection over immediate needs.

⁴ For more on extending social protection to informal workers in agriculture see the [ILO Module here](#).

Nevertheless, there are good reasons to consider how to make contributory schemes more equitable and attractive for informal workers in low-income settings. These include:

- **Political opportunity, especially post-COVID:** In several low-income countries in Africa and Asia (e.g. [Togo](#), [Laos](#), [Tanzania](#) Cambodia), there are moves to extend contributory social protection to informal workers, including the self-employed. This creates a political opportunity to engage with scheme financing, design and implementation to make them more accessible to informal workers.
 - **Benefits for workers:** Informal workers require the types of social protection which cater to the risks of working people (unemployment, maternity, work injury). This type of coverage and adequacy of support is more likely to be found in work-related government contributory schemes than social assistance.
 - **Benefits for enterprises and the economy:** Better social protection for workers has positive impacts on labour productivity and competitiveness in terms of better access to health care, lower absentee rates, higher employee retention and higher motivation⁵. It also enables the pooling of financial risks of enterprises, while also enabling all the trickle/second-order impacts of any social programme.
 - **Better financing mix:** Mobilising additional financing sources from categories of previously informal workers (provided that they have the necessary contributory capacity) alleviates pressures on tax-financed social assistance benefits while widening the spectrum of policy options beyond black (social assistance) and white (social insurance).
 - **Ease of adaptation:** It is possible and relatively 'easy' to adapt contributory schemes to be more inclusive of informal workers – not doing so would be a missed opportunity.
- ➔ This document discusses key options in brief, but for a comprehensive overview of these modifications see [this resource](#) from the ILO, [this resource](#) from the UNDP/ILO in the African context, and [this resource](#) for the ASEAN context. Most recently, the World Bank has launched [this resource](#) on operational lessons for extending social protection to informal workers.

Major overarching policy decisions include whether to make the scheme voluntary or mandatory and whether to create a separate scheme or integrate informal workers into an existing scheme.

- Voluntary schemes tend to be less successful at providing adequate coverage, for example, Kenya's voluntary [National Hospital Insurance Fund](#) covers only 15% of workers in the informal economy, whereas Indonesia's Jaminan Kesehatan Nasional (JKN) mandatory health insurance schemes cover over 70% of the population. However, to work well, mandatory schemes must include a significant solidarity financing component (see below) and representation from informal workers in the design of the scheme must be prioritised. If this is not done, the scheme may well be perceived as punitive rather than supportive and may add further financial strain to households who are already struggling to survive.
- Informal workers may be integrated into existing schemes which cater to formal workers, such as Tanzania's National Social Security Fund or Zambia's National Pension Scheme. This has the benefit of allowing for greater cross-subsidisation between formal and informal workers. However, greater flexibility in terms of contribution rates, the timing of payments and access to savings are possible when separate schemes are institutionalised – for example, Kenya's Mbao Pension Scheme which is specifically designed for informal workers.

Once decisions have been made on the above, several design options can help to make contributory schemes work better for workers in the informal economy, discussed in turn below.

Options that involve 'solidarity' financing

While there is significant diversity among informal workers, they tend to have lower and less predictable incomes, which create barriers to regularly contributing to social insurance schemes.

The financial cost of contributing to social insurance is thus a major barrier to access. As one example, Vietnam's voluntarily insured self-employed workers, who must also make up for a portion of the employer's

⁵ [ILO \(2017 and 2021c\)](#); [Scheil-Adlung \(2014\)](#)

share of contributions, are required to pay at least 26.5 per cent of their earnings (22 per cent for cash benefits and at least 4.5 per cent for health insurance) – one of the main reasons why only around one in five working-aged parents contribute to the Viet Nam Social Security scheme⁶.

To address this, governments can (entirely or partially) purchase or subsidise insurance premiums or contributions for low-income groups. It is unlikely that contributory schemes will achieve large scale coverage in the informal economy without the presence of such ‘solidarity’ or subsidised financing. It should also be stressed that the cost of this for the State may be lower than providing regular social assistance. This can be achieved in various ways, including⁷:

- **Lowering (or removing) contributions with an implicit subsidy** from the state depending on income
- **Explicit matching co-contributions** from the state
- **Top-up systems and care credits** for women and others who have not contributed regularly due to care responsibilities
- **Contributions from those who profit from the work of informal workers but are not employers**
This can be seen as an additional levy on the commercial relationship - with obligations enforced through ad-hoc legislation (see Section below).

Box 2 Examples of countries that adopt solidarity financing

In **Indonesia** the JKN health insurance schemes include a fully subsidised component for those falling below the poverty line, with a sliding contribution scale for those above the poverty line set according to income.

In **Mauritius**, the government contributes proportionately to the pension fund of self-employed informal workers at a rate of Rs. 50 (\$1.16) for every Rs. 100 (\$2.32) that is saved by the worker.

In **Chile** the solidarity pillars provide a basic non-contributory pension to those who fall into the bottom three income quintiles, but also provides a top-up to low-income earners with disrupted contribution histories.

In **India** the Building and Construction Workers Welfare Board is funded by a combination of worker contributions, state contributions, and a 1 % tax (cess) on the building costs of any building project that costs more than US\$2000 and contracts more than 10 workers. In return, construction workers registered with the board have access to death, injury, marriage, maternity and funeral benefits, as well as a contribution to the education costs of children. In some states there is also access to a pension scheme.

In **Timor Leste** the [social security scheme](#) is divided between a contributory and a non-contributory component – workers and employers contribute into the contributory fund, while the state subsidises payments through general taxation for those workers who are unable to pay or to maintain a sufficient contribution rate. This is seen as separate from social assistance.

Source: [ILO \(2021\)](#); [UNDP \(2021\)](#)

It should be noted here that some argue that a social protection system that combines contributory social insurance (funded through worker and employer contributions) with a non-contributory component for informal workers can establish a “perverse incentive” towards informality.⁸ This is because employment in the formal sector is “taxed” through social security contributions, while employment in the informal sector is subsidised through the provision of non-contributory social assistance schemes. However, this argument has several flaws – it is based on a problematic empirical base⁹, assumptions about the major drivers of informality, and makes broad generalisations about the nature of the informal economy, as well as the nature of incentives which may drive behaviour in the informal economy.¹⁰

⁶ [McClanahan and Gelders \(2019\)](#)

⁷ [ILO \(2021\)](#); [Holmes and Scott \(2016\)](#)

⁸ For the latest iteration of this argument, see [UNDP 2021b](#).

⁹ The original argument was made in [Santiago Levy \(2008\)](#) – however, there was little real evidence to show that informality had increased significantly in that country as a result of its social protection reforms.

¹⁰ For a fuller critique see [Cornell University-WIEGO-SEWA \(2009\)](#)

Options focused on facilitating, simplifying and incentivising access

Beyond financial costs, informal workers are also less likely to participate in social insurance schemes because of:

- **Significant time (opportunity) costs due to inefficient systems and administrative barriers** – with particular challenges for self-employed workers for whom time is very literally money;
- **The type and quality of benefits**, which often do not fully cater to the needs of informal workers;
- **Lack of awareness/understanding** of existing schemes and of the importance of social insurance to avert future risks;
- **Lack of trust linked to lack of representation and participation.**

There are many innovative experiences of countries designing schemes to address these challenges in several ways, via a combination of better administration and explicit incentives. These are briefly discussed below.

A. Accessible registration (that recognises different informal worker categories)

Recognition as workers via registration is the first step to ensure social protection for informal workers. This should not be seen as equivalent to registration as taxpayers¹¹ but focused on visibility and recognition – a crucial tool to inclusive policymaking. Measures to ensure the success of such a process include:

- Adapting registration processes to the working patterns and location of informal workers and employers (e.g. within markets for local traders, etc).
- Ensuring the participation of grassroots organisations, non-profits, unions, welfare boards and collectives to collect data.
- Simplifying registration procedures and required documentation.
- Linking registration processes for social insurance to those for social assistance – this is often done with health insurance, for example in Ghana and Sudan.
- Addressing misaligned incentives for registration by employers – higher costs of labour and time burden – especially in the context of highly uneven power dynamics (e.g. domestic workers).
- Brokering collective registration on behalf of informal workers e.g. AMUSSOL in the Dominican Republic

¹¹ [Gallien and Van den Boogaard \(2021\)](#)

Box 3 Examples of accessible registration

India's Unorganised Workers Social Security Act 2008 mandates the registration of unorganised workers along with the provision of entitlement rights. This was, however, largely unimplemented for years. Following the pandemic, the number of unorganised workers registered on India's e-Shram portal has crossed 25 million. The portal was inaugurated on August 26, 2021, as the first-ever National Database of Unorganised Workers including migrant workers, construction workers, gig and platform workers. It will "have details of name, occupation, address, educational qualification, skill types and family details etc. for optimum realization of their employability and to extend the benefits of social security schemes to them". In order to apply people must have an Aadhar Number, a mobile number linked with Aadhaar, and a Savings Bank Account number with an Indian Financial System Code alphanumeric code. The outcomes of this recent initiative are yet to be seen.

AMUSSOL is a workers' mutual in the **Dominican Republic**, set up in 2005 by the trade union Confederacion Autónoma de Sindicato Clasista (CASC), with the aim of expanding social insurance coverage to informal workers. The Dominican System of Social protection (SDSS) only allows affiliation through an employer. This excludes the many self-employed workers in the country. In order to get around this legal barrier, AMUSSOL acts as a virtual employer for independent workers. Instead of registering with the state scheme, workers register with and contribute to AMUSSOL, who in turn acts as the intermediary to support the registration of workers with the SDSS and facilitates the transfer of contributions.

In **Indonesia**, the largest gig platform – GoJek – developed the SWADAYA programme, a partnership between the platform, the social security scheme and a private bank to simplify registration and payment to the scheme from drivers. Through the social security scheme, gig workers have access to accident and life insurance, workplace accident cover, medical treatment, and wage, death and funeral compensation.

The rapid expansion of affiliation to the National Health Insurance Fund (NHIF) in **Sudan** – doubling to 27.2 million people (67.7 per cent of the population) in 2019 compared to 2014 – was possible by using the same identification and eligibility mechanism as social assistance programmes combined with a proactive information campaign.

Source: [WSM \(2016\)](#); [e-SHRAM portal](#); [Hunt et al. \(2019\)](#); [ILO \(2021c\)](#); [Bilo et al \(2020\)](#)

B. Simplified payment regimes

These vary widely, but may include:

- **Use of a single annual payment, which covers both tax and social protection contributions.** For example, Argentina and Uruguay have introduced a single tax payment (**monotributo**) to increase affiliation levels to social insurance, whereby registered workers contribute by paying a single amount on the income generated from their work, which counts towards their contribution to social security and the tax system. In this case, access to social protection (including health and pensions) acts as an incentive towards compliance and registration.
- **Voluntary systems of automatic debits**, to lower the time-cost of contributing.
- **Easing of payment procedures.** Expanding the ways that people can pay into the scheme. E.g. post offices or convenience stores accepting payments; small enterprises collecting contributions on behalf of their workers; payments via mobile phone (which can also be used to remind people it is time to pay), etc.

C. More flexible arrangements

This could include:

- **Allowing informal workers to contribute flexibly**, at the times of the year they are most likely to have money, rather than on a strictly monthly basis. This recognises and addresses informal workers' discontinuity of work (intermittent, seasonal or unpredictable income flows).
- **Ensuring the portability and transferability of entitlements** for geographically or occupationally mobile workers (not having to register with several different organisations, each with its forms to fill in and time-consuming procedures to follow). This includes measures to ensure coverage of workers with multiple employers and workers on digital platforms.

D. Designing benefits that better meet informal workers' (short and long-term) needs

These are strategies that build some 'short-term wins' into the standard benefits package for social insurance, showing informal workers the benefits of their contributions in the immediate term, whilst still maintaining savings over a longer-term. These could involve combining more traditional long-term social protection benefits (such as pensions), with shorter-term benefits prioritised by self-employed workers, such as low-interest loans, death and funeral assistance, disaster-relief pay-outs, education or grants for children, support for housing, skill-building and the purchase of equipment for work. Another consideration is to ensure that benefits are well-coordinated with services – for example, health insurance benefits for poorly run health services are less likely to be seen as beneficial.

Box 4 Examples of simplified, flexible arrangements to meet the needs of informal workers

The Ejo Heza Long Term Savings Scheme in **Rwanda** combines a long-term savings scheme with shorter term access to 40% of savings for education, home building, or collateral for loans. Safeguards are built into the scheme to ensure that savings are not completely depleted by shorter term needs.

The two 'auto-entrepreneur' laws in **Morocco** and **Tunisia**, adopted in 2015 and 2020 respectively, both seek to create a more regulated status for informal workers through registration and the simplification of tax and administrative procedures. Both programs suggest a broad set of informal activities that can apply, with different rates and types of benefits for various groups of workers: agricultural, non-agricultural, self-employed, fishing, etc. Both programs are built around a simplified, and notably regressive, turnover-based tax regime, designed to lower fiscal barriers to firm registration.

In **Vietnam**, McClanahan & Gelders (2019) make a strong argument for using shorter-term non-contributory child benefits as a mechanism to incentivise social security membership in Vietnam, in order to better align the objectives of the Master Plan on Social Insurance Reform (MPSIR, which intends to expand social insurance coverage to 60 per cent of the working age population by 2030) and the Master Plan on Social Assistance Reform and Development (MPSARD, which intends to introduce a child benefit for all children under age 3 by 2025).

Ghana's Informal Sector Fund was established in 2008 as the voluntary system mandated by the National Pensions Act (2008) to ensure that informal workers have access to a basic level of income security when they reach old age. The fund is a long-term savings scheme with participants receiving a single lump sum, which consists of the value of their contributions, plus the accumulated interest, minus any administration fees. Participants can withdraw up to half of their savings after a period of 6 months. The scheme permits a high degree of flexibility in the amount and frequency of contributions, which can be paid on a daily, weekly or seasonal basis, depending on individual earning capacity. The fund also provides members with access to a range of other financial services, including life insurance and loans, through partnerships with microfinance organisations.

The **Solomon Islands** in 2017 launched a long-term savings scheme – youSave - designed to help informal workers to voluntarily save money into a superannuation fund to cope with future economic shocks. Savings and balance checks can be made "anytime, anywhere" with the assistance of USSD and SMS technology, which also allow for an accessible and transparent savings mechanism. Payments can also be made using mobile airtime top-up credit. During the 2020 lockdown, these savings were made accessible to members (many of whom are unbanked), leveraging the airtime savings system as a distribution mechanism. **Timor Leste** opened up its social security scheme to [domestic workers, the self-employed and individual entrepreneurs on a voluntary basis](#).

Source: [Bourhaba and Gallien \(2021\)](#); [ILO \(2021\)](#); [McClanahan & Gelders \(2019\)](#); [World Bank \(2021\)](#).

E. Tailored awareness raising

If workers and employers do not know what schemes are available to them, what their rights and responsibilities are, how they can access such schemes and what their contribution history looks like, then policies and programmes have little chance of succeeding. There is extensive guidance on how to do this in ways that cater to the needs of informal workers¹², while selected examples are summarised in Box 4.

¹² [ILO \(2021b\)](#)

Box 5 Examples of tailored awareness raising for social insurance programmes

HomeNet **Thailand** – a network of home-based worker groups which operates across the country – has worked closely with the Thai Social Security Fund to provide information to its members and to ensure compliance with contributions. The benefit of working in this way is that there is constant grassroots reinforcement of messaging so that awareness-raising moves beyond a one-time event or campaign. It builds on the sense of trust workers have within their own organisations and enables state programmes to reach more isolated workers, such as those who work in their own homes or in the homes of others.

The **Philippines** implemented a large-scale information campaign to accompany the extension of social security to domestic workers. The specific objective of the campaign was to change the public's attitude towards domestic workers by redefining the term “domestic worker” as “kasambahay” or “household helper” (ILO 2013). **Kenya** took an innovative approach to extending the Mbao pension scheme by distributing information on the scheme to artisans during free ear check-ups (ISSA 2011).

In 2017, **Indonesia** created the so-called Kader JKN programme as a new approach to facilitate access to health insurance for informal sector workers and other individuals through selected members from the closest communities. The trained agents mainly perform four functions: outreach and communication; enrolment of new members; collection of contributions and their transfer to the scheme; and handling of complaints.

To be closer to its members, the National Social Insurance Fund of **Madagascar** increased the number of its regional-level agencies in 2012. In some remote areas, a mobile office was established to disseminate information and raise awareness about social protection schemes and benefits. This facilitated access to information for populations that had previously been isolated.

In **Paraguay**, potential employers of domestic workers received information brochures attached to their electricity bill, while in **South Africa**, under the Basic Condition of Employment Act, employers are obliged to display a statement about employees' rights at the workplace, which must be written in the official language used at the workplace.

In **Zambia**, awareness-raising campaigns were adapted to specific groups of workers, such as domestic workers and workers in micro and small enterprises

Insured persons in **Jordan** receive a letter every year that informs them about the contributions paid on their behalf, including details about their contribution periods and deductible wages. The system provides them with an estimate of the level of pension that they can expect upon retirement (contributing to trust-building).

In order to raise awareness for social security rights and responsibilities, some countries, such as **Argentina, Belize, Ghana and Peru**, have integrated education programmes in general education curriculums and vocational training. The most comprehensive social security education programme exists in **Uruguay**.

Source: [ILO \(2021b\)](#); [ILO \(2021\)](#)

Options focused on guaranteeing transparency, accountability and social dialogue

Informal workers are less likely to be willing to contribute to schemes when they do not trust they will receive meaningful benefits in return. Building trust between informal workers and governments can be a difficult task. It relates to questions that go well beyond social protection systems, including the broader question of how to establish a social contract in contexts where such a contract does not exist or exists in a punitive or discriminatory form. It can to an extent be addressed within contributory schemes, however, by ensuring:

- The participation of informal workers and their organisations in the design, implementation and governance of schemes
- Effective systems and institutional capacities so that the services are rendered efficiently
- Transparency in decision-making, but also in communication ensuring that workers know what is happening to their contributions and benefits.

The inclusion of informal workers in social dialogue, scheme design and oversight leads to schemes that respond to informal worker needs and are understood and trusted by workers. However informal workers are often excluded from social dialogue platforms, limiting their participation. In this instance, they may gain access through legislative changes which allow for their participation. Kenya's National Social

Security Fund Act makes explicit provision for the representation of organisations informal workers on the Board,¹³ while Thailand's Homeworkers Protection Act makes explicit provision for the inclusion of organizations of homeworkers in its tripartite governance structure. Informal workers organisations may also gain indirect access through affiliations with national trade union centres representing the interests of workers.

Another way in which informal workers may be included in social protection systems is through the integration of their solidarity mechanisms, such as mutuals, cooperatives and savings schemes into the social protection system.¹⁴ This allows for the combination of public financing with the flexibility, indigenous adaptations, and trust that informal workers may have in their organisations. It is also a mechanism for ensuring inclusion. An interesting example of such a collaboration between state and community-based schemes was the Asuransi Kesejahteraan Sosial (Askesos) scheme – the Social Welfare Insurance Scheme – which operated in Indonesia before the implementation of the national health insurance scheme.¹⁵ There have also been some interesting recent attempts in Africa to establish connections between informal worker-driven cooperative and mutual schemes and the state.¹⁶ Awortwi and Walter-Drop (2017)¹⁷ layout three policy imperatives in this regard:

- Ensure that informal social protection schemes can register with the state, and through that registration receive state support;
- To include informal social protection mechanisms into national planning and budgeting and to facilitate complementarities with national schemes;
- To consider these organisations as functional partners in the extension of social protection.

Options focused on supportive legislation

Most informal workers fall outside of the scope of protective legislation. Unlike social assistance, contributory social protection schemes are often codified in law. However, they often create a legal exclusion against informal workers by:

- Disallowing access to the self-employed, or certain groups of the self-employed (e.g. domestic workers, migrant workers, own-account workers, workers in the agricultural sector, workers earning less than a certain salary threshold, as well as casual and temporary workers, or enterprises below a certain size);
- Disallowing access for workers with multiple employers;
- Including provisions that are impossible for informal workers to comply with, for example requiring the self-employed to contribute both the employer and worker share to the scheme.

An important starting point towards inclusion is therefore the legal reform required to provide a more supportive policy environment: laws provide state institutions with legal mandates and a budget (as opposed to discretionary funding). This may include¹⁸:

- For workers who are **in an employment relationship** (such as domestic workers), **it is easier to cover these with minor amendments to existing labour and social security law** (Box 5), e.g.:
 - Lowering or removing minimum thresholds concerning enterprise size or contract duration.
 - Extending to new categories of workers.
 - For example, domestic workers are now integrated into labour and social security legal frameworks in several countries.

¹³ Bamu et al. (forthcoming).

¹⁴ [Sesan \(2021\)](#).

¹⁵ [UNDP \(2021\)](#).

¹⁶ [Sesan \(2021\)](#).

¹⁷ [Awortwi and Walter-Drop \(2017\)](#).

¹⁸ [UNDP \(2021\)](#); [ILO \(2021\)](#).

- Similarly, COVID-19 has triggered a shift in legislation regarding the labour status and rights of gig economy and platform¹⁹ workers (see EU examples in Box).
- Enabling registration by employees themselves, rather than just through employers (subverting power dynamics).

Box 6 Examples of amendments to existing labour and social security law - employed

In **Thailand**, coverage of social security legislation was gradually extended within 12 years – from enterprises with 20 or more employees in 1990 to enterprises with 10 or more workers in 1993 and those with 1 or more employees in 2002

Social Security Fund in **Cambodia** extended coverage by reducing the minimum threshold from firms with 8 or more employees to those with 1 or more employees

In **Vietnam** mandatory coverage was originally restricted to enterprises with 10 or more employees, it was expanded in 2005 to all enterprises for employees with a labour contract of three months or longer (and was further expanded to all employees with a labour contract of one month or longer in 2018)

In **Brazil**, a constitutional amendment in 2013 guaranteed domestic workers equal rights with other workers. This law now covers 6.5 million workers, and also includes a provision whereby employers will pay the equivalent of 8% of their monthly salary into a fund that will be made available on compulsory redundancy, death and other contingencies.

The **Philippines** Domestic Workers Act of 2013 extends social security rights, including health insurance, to an estimated 1.9 million domestic workers who have rendered at least one month of service.

In **South Africa**, a legal amendment now allows workers with multiple employers to contribute and benefit from co-contributions from multiple employers under the Unemployment Insurance Fund (UIF), which also provides maternity benefits.

The **European Council** has called on the Member States and the Commission to strengthen efforts and take appropriate action as regards platform work, acknowledging ‘substantial legal uncertainties’ in-country legislation. The EU Parliament specifically proposes a reversal of the burden of proof: in case of legal proceedings, employers should prove there is no employment relationship, rather than vice versa. Recently, **Spain’s** Supreme Court has ruled that riders working for Glovo (a digital food-delivery labour platform) are employees. In **France**, the Cassation Court has ruled that the same was true for Uber’s drivers.

Source: Examples extracted from [UNDP \(2021\)](#); [ILO \(2021\)](#), [European Commission \(2021\)](#) – see also the ILO [Module on domestic workers](#) and the one on [platform workers](#).

- For **informal workers who are subcontracted into global supply chains (such as homeworkers)**, it is possible to implement new legislation placing responsibility on contractors for social and labour protections.

Box 7 Examples of legislation to provide coverage for subcontracted homeworkers in global supply chains

In **Thailand**, the Homeworkers Protection Act of 2010 provides rights for subcontracted homeworkers in the relationship with contractors. This includes provisions for written contracts, fair and timely payment, and payment for occupational health and safety equipment, medical expenses, and funeral expenses if the worker becomes ill through her work.

Australia has pioneered the use of supply chain legislation in the textiles industry. The Ethical Clothing Trades Extended Responsibility Scheme of 2004, covers the lead firm, suppliers and contractors in the supply chain, making them all responsible for the conditions of work of the homeworkers who sit at the bottom of the chain.

¹⁹ This is a form of employment that uses an online platform to enable organisations or individuals to access other organisations or individuals to solve problems or to provide services in exchange for payment.

- For those who are **genuinely self-employed (such as street vendors or subsistence farmers)**, there are higher legal and practical challenges²⁰, requiring innovative approaches such as:
 - A shift beyond ‘employment relationships’ within labour and social protection law to include self-employed and own-account workers in social security legislation and schemes.
 - The establishment of specific social insurance schemes for own-account/ self-employed workers – a common practice in many middle and high-income countries.

Box 8 Examples of amendments to existing labour and social security law – self-employed

A wide range of countries with (relatively) high coverage social registries including **Pakistan, Brazil, Peru, Indonesia** raised eligibility thresholds based on existing data to swiftly reach the ‘new poor’. While the approach presented many challenges, it was a swift solution while other more targeted programmes were developed.

In **Tanzania**, the Social Security Regulatory Authority Act broadened the concept of workers beyond employees. This created the conditions for the extension of social protection to self-employed workers.

In **India**, the Beedi and Cigar Workers (Conditions of Employment) Act also extended coverage, to any person “who is given raw materials by an employer or contractor”. This means that subcontracted workers working from their own homes are included under the provisions of the act, so that contractors, as well as employers, may be held responsible for employment conditions. This legal amendment has been a central component in the establishment of the Beedi and Cigar Workers Welfare Board.

In **Ecuador**, Peasants’ Social Insurance (Seguridad Social Campesino (SSC)) covers own-account workers in agriculture; SSC includes health and maternity coverage for the whole family and coverage in case of old age, invalidity and death of the insured person. Agricultural workers can register individually or through a peasants’ organisation, which is responsible for collecting and transferring contributions.

Brazil established the legal category of self-employed micro-entrepreneurs in 2008 through the Complementary Law No. 128, revised by subsequent laws. Micro-entrepreneurs are defined as self-employed persons with a maximum gross annual income of US\$ 20,800 who do not participate in another company as a partner or shareholder and have no more than one employee. This law simplified registration and payment by combining tax payments and social security contributions for the entrepreneur into one flat payment.

In **Jordan**, to expand social security to all people working inside the country and to Jordanians abroad as part of the “Outreach for All” initiative, the definition of covered workers in the Social Security Law was changed. Instead of “the employee”, the definition now includes “any person”, thus the law also applies to self-employed and own-account workers.

Algeria’s national social security fund for non-wage earners (Caisse nationale de sécurité sociale des non-salariés (CASNOS)) was established in 1992 to consolidate and improve social protection for different categories of the self-employed and other non-wage earners, including business owners, artisans, farmers and members of liberal professions. It ensures mandatory coverage based on the principles of solidarity and the collective sharing of risks. The fund covers health protection (medical care), maternity, disability, survivorship, old-age pensions. In 2017, it had 1.7 million affiliated members.

Source: [UNDP \(2021\)](#); [ILO \(2021\)](#)

To conclude, enforcement of the law and compliance also play a role. Labour and social security inspections should be better adapted to the situation in sectors that have a high prevalence of informal employment, with an appropriate balance between sanctions and incentives – recognising the complexities of ensuring this in low-income settings.

Social assistance

²⁰ Namely: a) the diversity of circumstances, needs and contributory capacities among self-employed workers; b) the “double contribution challenge” – i.e. the requirement that self-employed workers assume the full contribution; c) the administrative burden in terms of income declaration, record-keeping, contribution collection and benefit claims ([ILO, 2021](#)).

Another key option for the strategic inclusion of informal workers in social protection systems is to a) develop social assistance programmes that do not explicitly exclude informal workers, or b) that can flexibly extend to informal workers when in need. Overall, it is essential to ensure effective coordination between contributory and non-contributory benefits for the continued coverage of workers²¹.

Many informal workers are poor, but many do not fall under nationally defined poverty lines and/or eligibility thresholds for poverty-targeted programmes. They also weave over/under that ‘line’ over time. Thus there is most often no comprehensive inclusion of informal workers in poverty-targeted programmes.

Programmes that do not explicitly exclude informal workers (due to poverty status) are thus primarily those that are categorically targeted, child grants above all²², but also old-age social pensions. This is because these have broad coverage that cuts across a country’s population transversally. COVID-19 has showcased the extent to which these were able to cushion the impacts of the shock for many, including informal workers – especially where these programmes were expanded vertically (with top-ups)²³. For example, in South Africa, the Child Support Grant vertical expansion played a fundamental role in cushioning the crisis²⁴. Similarly, in Mongolia, the top-up to the Child Money Programme was crucial to compensate the poverty effect of the pandemic²⁵, with further analysis across five countries showing that only routine programmes covering a large share of the population through universal categorical targeting are likely to cover the ‘new poor’ in the aftermath of a shock.²⁶ A further example of the transversal ‘protective’ effect of a social pension during COVID-19 comes from Bolivia²⁷.

Certain design and implementation characteristics of routine programmes may also facilitate access and/or impacts for informal workers, even where these programmes are poverty-targeted and not categorical. These will include:

- **Ensuring higher coverage by lifting the threshold for exclusion, focusing on affluence-testing** more than poverty-targeting. The bulk of ‘exclusion error’ for many poverty-targeted programmes (especially when drawing on Proxy Means Test approaches) derives from their ambition to target a very low percentage of the population vis-a-vis those in or at risk of poverty, often lower than 5% of the total population. Where that threshold is raised, perverse exclusionary effects are reduced²⁸. Some countries even do the opposite: they use existing data to ‘target out’ those who are likely to be ‘relatively richer’ and thus ineligible (affluence testing) – an approach that was widely used during COVID-19 (Box 8). While there is promise in these experiences – there are also considerable risks, especially in countries where data ecosystems are low quality and fragmented.
- **Enabling on-demand registration** – so people can apply when in need (i.e. when they fall ‘below the eligibility threshold’, rather than at pre-set administrator-driven intervals). This can be administratively and financially complex to achieve but is a crucial investment for countries aiming to inclusively serve their population²⁹.
- **Addressing administrative barriers to access** (distance, documentation, time of day, awareness, etc)
- **Drawing on data and expertise from informal sector organisations.** This was done in many countries (e.g. Zambia, Cape Verde, Thailand, Fiji) during the COVID-19 response (see Box 9). Data on informal workers from organisations and local chambers of commerce were used to inform eligibility, while the capacity of organisations was used to ensure take-up and address barriers to access (e.g. low digital literacy, etc).

²¹ [ILO \(2021\)](#)

²² [UNICEF and ODI \(2020\)](#)

²³ Also to be noted that vertical expansions are swift and ‘easy’ compared to horizontal expansions of coverage via existing or new programmes.

²⁴ [Bassier et al \(2021\)](#)

²⁵ [Carraro and Tserennadmid \(2020\)](#)

²⁶ [Carraro and Marzi \(2021\)](#)

²⁷ [Bottan et al \(2020\)](#)

²⁸ [Carraro and Marzi \(2021\)](#)

²⁹ [Barca and Hebbbar \(2020\)](#)

- **Ensuring cash modalities rather than food** (which is sourced centrally) **or restricted voucher payment options** (not redeemable via informal street vendors, etc), as these maximise investment in local markets and productive impacts, including for informal workers.

Box 9 Affluence testing and ‘targeting out’ during COVID-19 – examples of programmes aiming to reach informal workers by casting the net wide

Thailand initiated a scheme providing 5,000 Thai baht per month for three months to informal workers. 16 million workers were enrolled into the scheme (45% of the labour force), which adopted a combination of digital on-demand applications and interoperability with existing databases to remove ineligible applicants. The role of informal worker organisations in supporting digital applications for members was also critical.

Peru’s “Stay at Home”(Quedate en Casa) transfer (about US\$110) was paid to waste-pickers during the first quarantine period, coverage was subsequently extended to targeted informal workers (via Bono Independiente), rural areas (via Bono Rural) and ultimately to 68% of the population (8 M households) via ‘Bono Familiar Universal’, covering beneficiaries from all the other cash responses plus others, identified via a web-based registration process and targeting out of households with formal employment and high incomes (using existing data).

Pakistan’s EHSAA emergency response programme also registered new eligible populations (beyond those in its social registry) on-demand using USSD technology. It then filtered out applicants based on their ID, together with social registry data, phone billing data from the Telecommunication Authority, international travel data, payroll data and tax-payer data.

Fiji also leveraged USSD technology for on-demand registration of new caseloads for three new cash transfers aimed at informal workers issued in 2021 and reaching over 260,000 beneficiaries (30% population). People registered by dialling *161# from their phones and filling out a simple form. This data was then cross-checked against existing databases to remove ineligible applicants.

Brazil’s *Auxilio Emergencial* (also combining data from the Cadastro Unico social registry and on-demand digital registration) is estimated to have reached 66 million Brazilians – almost one-third of the total population – by July 2020. Its eligibility criteria included a cap on previously declared income, cross-checked against tax data and a wide set of other government databases. It was thus effective at reaching the near-poor but did still exclude population located in the “middle” of the income distribution – those constantly transitioning between formality and informality and the “newly vulnerable”, formal workers hard hit by the economic downturn.

In **Timor Leste**, the Uma Kain cash transfer provided an emergency one-off payment of USD 200 to families, covering the first two months of the State of Emergency in March 2020. It reached 313,000 households (95%), only excluding those earning more than USD 500 per month. Ineligible households were identified by cross-checking records with the General Social Security Scheme and through self-reporting.

South Africa and **Namibia** both adopted digital on-demand registration, combining simple eligibility criteria with cross-checks against existing databases.

In **Togo**, the NOVISSI mobile cash transfer was aimed at informal economy workers; It leveraged occupation data held on the national voter card and was further targeted geographically via satellite imagery predicting poverty as well data on mobile phone use.

Importantly, while innovative and relatively successful in achieving higher universality than traditional approaches, none of these experiences was free of complication and risks of exclusion, deriving from fragmented and low-quality data systems, as well as all the ethical complexity of ‘computer says no’ approaches to targeting.

Source: Alfors and Bastagli (forthcoming); [ILO and UNESCAP \(2020\)](#); [World Bank \(2021\)](#); [Lone et al \(2021\)](#); SPACE (unpublished Fiji stocktake); Beazley et al (forthcoming); Barca and Wodsak (forthcoming).

In terms of flexibly extending social assistance to informal workers during covariate shocks, COVID-19 has generated a wealth of evidence in terms of what has been feasible given the state of existing social protection systems. The important question is what this implies in terms of preparing for future large-scale shocks that affect informal workers. Broadly, the following considerations emerge:

- **Systems that better support people to tackle lifecycle idiosyncratic shocks** (e.g. high coverage across the lifecycle, on-demand, etc) **are also better suited at supporting covariate shocks** – investments in systems strengthening will also pay off for informal workers during shocks. The points on on-demand registration and the examples in Box 8 above hold here.

- **Data invisibility of informal workers is a problem.** This could either be addressed by very high coverage (over 75% of the population) and inclusive social registries (e.g. in Chile), or by enhanced interoperability and data sharing across relevant databases: farmer registries, informal worker registration databases, etc.
- **There is potential for classifying specific occupational groups as ‘vulnerable’** and ensuring these are explicitly eligible in response to specific shocks explicit beneficiaries they were more likely to get Covid-19 relief - for example waste pickers in Lima were named as a proxy for vulnerability, and they were also the most likely of the worker groups to receive relief.
- **Unemployment benefits could be designed to include those who do not have sufficient contributory history,** temporarily covering novel categories of workers as well as addressing long-term unemployment after short-term contribution-based benefits are phased out.
- **Supporting people swiftly, when in need, also hinges on the ability to pay – ideally via digital channels** (bank, mobile money). Financial inclusion before a shock and/or setting up of account-less digital payment channels³⁰ are solutions worth exploring.
- **Prioritising the financing of inclusion, accountability and empowerment enhancing measures** – as these are critical to shock response.

Box 10 Including informal workers in the COVID-19 social protection responses

A wide range of countries with (relatively) high coverage social registries including **Pakistan, Brazil, Peru, Indonesia** raised eligibility thresholds based on existing data to swiftly reach the ‘new poor’. While the approach presented many challenges, it was a swift solution while other more targeted programmes were developed.

In **Fiji**, identification of beneficiaries for the COVID-19 ‘cash benefits for street vendors’ was relatively simple as only those holding street vendor licenses (registered before the pandemic) were eligible.

In the **Cape Verde** chamber of commerce, data was used to identify and provide grants to informal workers.

Alongside a range of other programmes, the **Dominican Republic** developed Pa’Ti, an emergency cash transfer targeted to 202,000 informal workers whose livelihoods were impacted by the pandemic and associated recession. Beneficiaries were identified via the database of registered informal workers managed by the Treasury – with no open application.

Uttar Pradesh in India is providing a one-off benefit of 1,000 Indian rupees to 480,000 daily wagers (street vendors, rickshaw pullers, etc)

Ecuador’s Contingency Benefit was paid to both CV19-infected and otherwise affected workers in the informal economy and their families. Informal workers who earn less than USD 400 per month were required to register to receive the emergency cash benefit. After registering for the benefit, individuals received a text message with information regarding nearby payment locations where the USD 60 benefit could be collected.

In **Egypt**, about 1.6 million informal workers received EGP500 per month for three months, identified via the Ministry of Manpower’s database.

Source: Alfers and Bastagli (forthcoming); [Beazley, Marzi and Stellar \(2021\)](#); [ILO and UNESCAP \(2020\)](#); [Beazley \(2020\)](#)

Active labour market and economic inclusion

Even more than other categories, supporting informal workers will require considering combined economic empowerment and inclusion measures that go beyond the realm of pure social assistance or social insurance. Importantly, many informal workers are often excluded from ‘Economic Inclusion’ and ‘Graduation’ programming as they are less poor and thus ineligible³¹. Examples of such support may include the following:

³⁰ [Beazley et al \(2020\)](#)

³¹ [PEI \(2021\)](#) – economic inclusion and graduation programming is primarily targeted at the ‘extreme’/‘ultra-poor’.

- **Tailored business support and measures aimed at increasing skills, jobs and entrepreneurial opportunities.** This may include:
 - Coaching and training, to improve the economic performance of micro-enterprises run by vulnerable workers. This strategic upskilling may include professional certification to improve capacities and earning power³², technology and marketing skills.
 - Links to existing value chains and markets and the creation of new value chains.³³

Box 11 Examples of strengthening complementary public services that benefit informal workers

Morocco has set up, since February 2020, a national support and financing program called 'Intelaka', which offers a range of products to auto-entrepreneurs including informal workers. For example, it offers product-related guarantees (foregoing personal guarantees) and very low-interest rates.

In **India**, during COVID-19, over 2 million street vendors lined up for the Prime Minister Street Vendor's Atmanirbhar Nidhi (PM SVANidhi) loan scheme - interest-free loans of Rs 10,000 each, as much-needed working capital. Availing the loan also gave vendors legitimacy as they got vending certificates and letters of recommendation. However, street vendors have also pointed out the difficulty they face in repaying the loans in light of their decreased earnings and have called for the schemes to be converted into a cash grant. Challenges with the accessibility of the scheme have also been raised.

In **Thailand**, the government introduced the "50-50" subsidy scheme, which subsidised 50% of purchases from small and/or informal businesses for consumers enrolled in the program up to 150 THB/day and capped at 3000 THB. The program was intended as an economic stimulus, originally including only goods but eventually including services as well. The program required all participants to use a digital wallet, rather than cash.

In **South Africa**, the Township and Rural Enterprise Programme (TREP), was set up to provide informal enterprises with a 50% low-interest loan and 50% business recovery grant. Unfortunately, the onerous registration requirements included a requirement to register with the Unemployment Insurance Fund, the SA Revenue Service and the Companies and Intellectual Property Commission. This has meant that few of the more vulnerable informal workers have been able to benefit from the scheme.

In **El Salvador** there was a capital injection of US\$ 600 million through the Trust Fund for the Economic Recovery of Salvadoran Businesses (FIREMPRESA), administered by the Development Bank of El Salvador (BANDESAL), providing subsidies to support the payroll obligations of micro, small and medium-sized enterprises (MSMEs) and the informal sector

Source: [here](#), [here](#), [here](#), [here](#), Skinner et al (2021)

- **Low or no-interest credit and loans, or hybrid credit/loan arrangements** – see the cases of Morocco, India and South Africa in Box 10
- **Preferential access to markets:** counteracting bans on economic activity in public spaces that have been exacerbated during COVID-19, relaxing business license requirements, ensuring inclusion in public procurement mechanisms, promoting economic stimulus measures aimed at informal enterprises (see Box 10 below for an example from Thailand).
- **Supportive urban regulations and infrastructure**, e.g.³⁴.
 - Regulating and registering business - through site licenses or licenses to operate
 - Regulation of health standards and occupational health
 - Basic infrastructural facilities such as electric lighting, water, toilets, and garbage removal, as well as affordable storage for vendors

³² E.g. as skilled professional caregivers for children, elderly, and people with disabilities.

³³ [PEI \(2021\)](#)

³⁴ [Chen et al \(2002\)](#)

Critical to such support is guaranteeing access to informal workers – by reducing barriers. One example comes from COVID-19, where complex and unrealistic registration requirements meant that very few informal workers received any business support during the crisis³⁵.

Complementary public services

In the background of all this, accessible public services including childcare, health care and care for older persons, are central to the livelihoods of informal workers – and especially women. This need was dramatically showcased and exacerbated during the COVID-19 crisis³⁶. Key measures will thus include:

- **Quality and state-supported child-care provision, and care for older persons.** It is widely recognised that unpaid care affects women’s position in the labour market – as well as their relegation to the most vulnerable forms of informal employment (e.g. home-based garment work, etc). Addressing the care crisis means recognising, reducing, redistributing, and rewarding care responsibilities, as well as ensuring better representation of care workers.³⁷ It may also imply innovative approaches to designing social protection, such as public work programmes that address carers’ labour supply constraints while building assets that carers need and generating care-jobs – i.e. providing services that carers often supply for free (home-based care, early childhood development, etc. – see South Africa example in Box 11)³⁸
- **Universal health coverage, or at a minimum heavily subsidised health insurance schemes** that do not hinge on formal employment status, are crucial for informal workers not to incur catastrophic health-related spending that would swiftly tip them into poverty. The literature on the topic is abundant and strategies available for countries to strategically extend coverage to informal workers, e.g. see Thailand in Box xx below³⁹
- **Labour protections to improve working conditions and the work environment.**

Box 12 Examples of strengthening complementary public services that benefit informal workers

In **South Africa**, the Expanded Public Works Programme (EPWP) employs workers to provide a wide variety of services including *health* (homebased care assistance for the bed-ridden, elderly and disabled - and mobile clinics; community health workers; nutrition and food security workers; direct-observation therapy practitioners; TB and malaria officers; nurses’ aides and custodial personnel for clinics and hospitals) and education (early childhood development; food handling for school nutrition/feeding programmes; after-school programmes; sports facilitation/coaching and; mass literacy campaigns)

Thailand introduced its Universal Coverage Scheme (UCS) in 2002. It covers the costs of accessing healthcare for the 75% of the population (47 million people) not covered by schemes for civil servants and the private sector, at a cost of 0.8 % of GDP. The incidence of “catastrophic” health expenditure (defined as more than ten % of household expenditures) declined from 7.1 % in the year 2000 (pre-universal health coverage era) to just two % thereafter.

In **Rwanda**, the government has collaborated with UNICEF and an NGO to establish a cross-border Early Childhood Development (ECD) programme for children age 0-16 years at the border town of Gisenyi. Mothers working as cross-border traders were leaving their children in the care of other children whilst crossing into the Democratic Republic of Congo to trade for 8-10 hours per day. There are now 6 centres in key trading areas designed to support these working women and their children.

Source: [ILO \(2016\)](#); [Paek et al \(2016\)](#); [ILO/UNICEF/WIEGO \(2021\)](#)

³⁵ [Chen et al \(2021\)](#)

³⁶ [Ogando et al \(2021\)](#); [Boatang-Pobee et al \(2021\)](#)

³⁷ [Alfers \(2016\)](#); [Alfers et al \(2021\)](#); [ILO \(2018\)](#); [ILO/UNICEF/WIEGO \(2021\)](#); [Guyen et al \(2021\)](#)

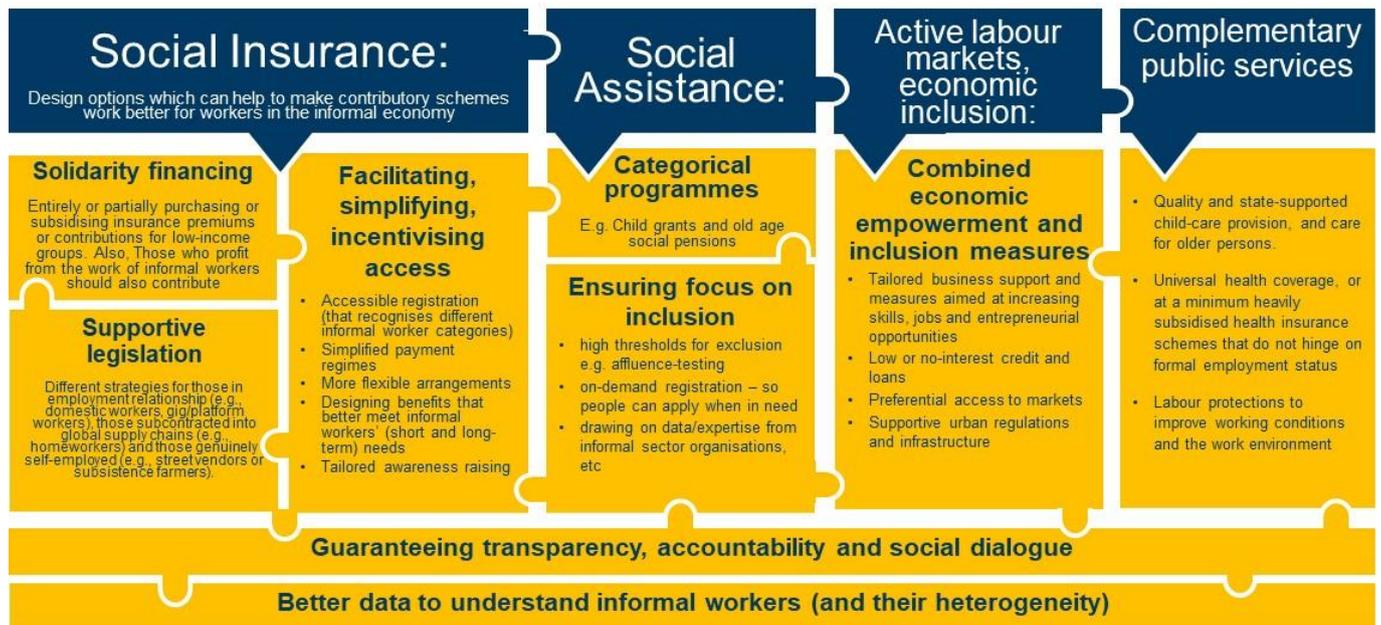
³⁸ [Barca, 2019](#)

³⁹ [Bonfert et al \(2015\)](#)

2. Conclusions

Although the majority of informal workers continue to be excluded from social protection programmes, ideas and practical lessons from innovations in practice are increasing the knowledge base on “what works” to extend social protection to informal workers. This knowledge base – which was significantly boosted during COVID-19 because of global efforts to include previously uncovered informal workers – needs to be capitalised on in years to come if the vision for ‘Universal Social Protection’ and the realisation of SDG targets 1.2 and 1.3 are to be achieved. For a shortlist of key insights, see the Key Messages and Overview Table at the top of this document, as well as Figure 2.

Figure 2 Solving the ‘puzzle’ of covering informal workers via social protection



Nevertheless, there are still many important gaps in terms of both evidence and support to innovations in the extension of social protection to informal workers. These gaps also present areas of opportunity for bilateral donors, multilateral agencies and country counterparts wanting to further explore this fundamental topic. They include:

- **A lack of robust evaluation evidence on the impacts and cost-effectiveness (e.g. Value for Money⁴⁰) of extensions to informal workers through contributory social protection.** This is in part because many of these innovations are relatively new, but it is also a reflection of the bias towards research on social assistance programmes within the development sector.

Although social assistance is a critical component of an inclusive social protection system, it is unlikely on its own to be able to provide adequate coverage to the large informal workforce. In particular, greater attention must be paid to innovating with and evaluating programmes that combine both contributory and non-contributory elements – including understanding the financial implications of different strategies in the medium-term (through microsimulation of subsidised social insurance financing, for example).

- **The paucity of economic inclusions programmes focused on the informal workforce beyond the “ultra-poor.”** As the review of interventions in this paper shows (alongside broader global evidence on economic inclusion programming⁴¹) there were very few programmes that provided effective business support and social protection to this group during the COVID-19 pandemic, despite the desperate need. Again, there is an opportunity to consider how social protection and business support tailored to the most micro of businesses might be better linked for informal workers who may not fall below the poverty line but are vulnerable to falling below it without such support.

⁴⁰ See for example [Wylde and Cabot Venton \(2021\)](#)

⁴¹ See [PEI \(2021\)](#)

- **The invisibility of informal workers within national data systems** – the Covid-19 crisis revealed how difficult it is to reach groups that are not visible within national systems. Some countries – such as India – are now attempting mass registration campaigns. Here there is a need to monitor and ensure that this data is protected and used appropriately (e.g. for the furthering of inclusion objectives). In other contexts, there is an opportunity to think through ways to increase the visibility of informal workers within national databases – both within national sample surveys and administrative databases.
- **The exclusion of membership-based organisations of informal workers from official spaces for dialogue and participation in the design and governance of social protection programmes.** This is especially the case for contributory schemes, which tend to be governed through official tripartite dialogue spaces, but which often exclude organisations of informal workers from direct representation.

Support to the voice of informal workers in social protection design and governance is critical to ensuring that programmes meet the needs of informal workers and are trusted by them. Although it is not easy to organise informal workers, a global movement of informal workers does exist through StreetNet International (the global alliance of street vendors), HomeNet International (the global alliance of home-based workers), the International Domestic Workers Federation, and the Global Alliance of Informal Recyclers. Many of these organisations are already working at both regional and national levels to ensure that social protection programmes are more inclusive of informal workers – leveraging their insights will be critical to any extension effort.

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Acknowledgements and Disclaimer

This document was developed as part of SPACE - Social Protection Approaches to COVID-19: Expert advice helpline, implemented by the UK Foreign, Commonwealth & Development Office (FCDO), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the Australian Government represented by the Department of Foreign Affairs and Trade (DFAT), and funded by the UK Government's FCDO, the German Federal Ministry for Economic Cooperation and Development (BMZ) and DFAT. SPACE is managed by DAI Europe Ltd contracted through the FCDO framework agreement EACDS Lot B service 'Strengthening resilience and response to crises', and the helpline advice is provided by independent consultants contracted by FCDO, GIZ, DFAT and other partners.

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