Public hearing organised by the Committee on Economic Cooperation and Development of the German Bundestag on 'The impact and financing of social security systems in the countries of the Global South'

29 March 2023

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Women in Informal Employment: Globalizing and Organizing (WIEGO)

Written statement

Who are informal workers?

Worldwide, two billion people — 61 percent of all working people in the world and 70 percent of those working in middle- and low-income countries — work in the informal economy. The percentage rises to 90 per cent of workers in low-income countries.[i]

Informal employment is a large and heterogeneous category, consisting of both enterprises and jobs. For purposes of analysis and policy making it is useful to first subdivide informal employment into *self-employment* and *wage employment*, and then within these broad categories, into sub-categories according to status in employment[ii]. Informal self-employment includes employers in informal enterprises, own account workers in informal enterprises, contributing family workers (in informal and formal enterprises), and members of informal producers' cooperatives. Informal wage employment includes employees hired without social protection contributions by formal or informal enterprises or as paid domestic workers in households. Certain types of wage work are more likely than others to be informal, including employees of informal enterprises, casual or day labourers, temporary or part-time workers, paid domestic workers, contract workers, unregistered or undeclared workers, and industrial outworkers (also called homeworkers).

Table 1. Informal employment as a percent of total, rural and urban employment[iii]

Countries by income level[1]	Total	Rural	Urban
World	61	80	44
Developing	90	90	79
Emerging	67	83	51
Developed	18	22	17

Table 2. Informal employment as a percent of total employment by region (excluding developed countries)[iv]

Region	%
Sub-Saharan Africa	89
Southern Asia	88
East and South-eastern Asia (excluding China)	77
Middle East and North Africa	68
Latin America and the Caribbean	54
Eastern Europe and Central Asia	37

In many low-income countries, own account work makes up a significant share of total informal employment. For example, in South Asia own account workers make up 62 percent of the informally employed, and just over half of all informal workers in Southern Africa are own-account workers.[v] This means that frameworks for the provision of labour and social protections which rely on the presence of an employment relationship exclude a significant number of workers, putting a large majority of households at risk of poverty.

[1] 2018 World Bank definitions based on country levels of gross income per capita.

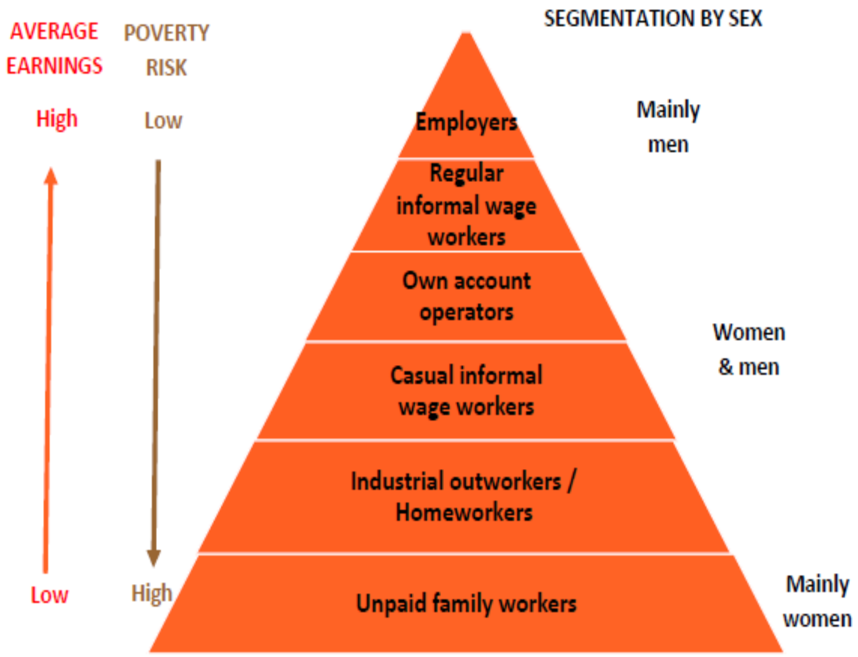
Table 3. Composition of informal employment by status in employment (percent)[vi]

Countries by income level	Wage employment	Self-employment
World	36	64
Developing	21	79
Emerging	37	63
Developed	51	49

While not all informal workers are poor, the risk of poverty is higher in the informal economy. There is a significant overlap between working informally and being from a poor household. A higher percent of informal workers, than formal workers, are from poor households. At the same time, a higher percent of all workers in poor households, than in non-poor households, are informally employed.[vii] Moreover, the type of informal employment in which an individual is engaged is correlated with their risk of poverty.

The structure of informal employment is highly gendered. In all regions, women are more likely to work in households, as contributing family workers, and in more vulnerable occupations such as home-based work. Women's work in the informal economy is characterised by low earnings, long working hours and poor working conditions. Their responsibilities for unpaid care work lower their incomes while lengthening their paid and unpaid working days. These factors make it difficult for women to save for their old age and cover the costs of health and childcare services while they are working.

Figure 1. The structure of the informal economy



Source: Chen, M. 2012. The Informal Economy: Definitions, Theories, Policies.

While for many years economists predicted that the size of the informal economy would shrink as economic growth progressed, this has not been borne out in reality. The number of workers in vulnerable forms of employment is in fact increasing. From a social and economic development perspective there are a number of reasons why this is problematic, and why it is important to focus not only on producing more employment, but on ensuring *better quality* employment, including the provision of social protection, for informal workers in middle and low-income countries. These reasons include:

- **Combating poverty**: Poverty is related as much to the nature of employment as to the level of employment. While the vast majority of the poor work (often in the informal economy), few are able to work their way out of poverty. This is because poor people working in the informal economy face lower incomes, greater financial risks, and less protection than those in the formal economy.

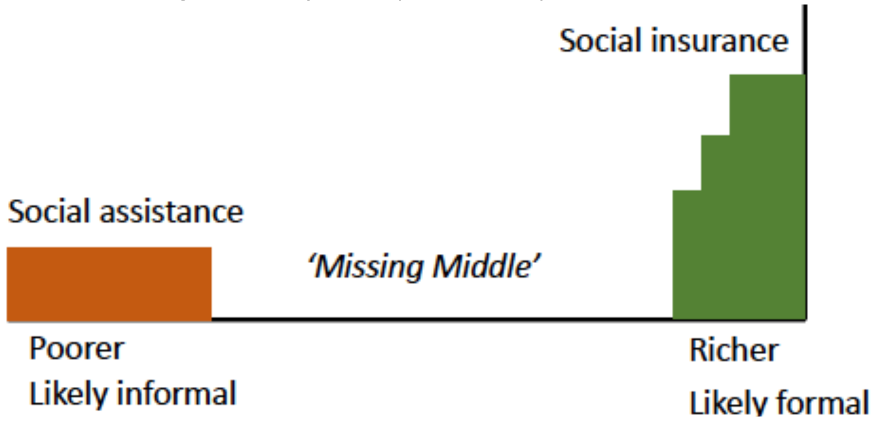
- **Promoting inclusive growth**: When more people work in decent employment, there is more money which circulates in the local economy. This purchasing power can fuel the growth of sustainable enterprises, especially smaller businesses, which in turn are able to hire more workers and improve their pay and conditions. It also increases tax revenues for governments, who can then fund social measures to protect those who cannot find a job or are unable to work.
- **Improving human development outcomes**: Work enables people to earn an income, and it can provide a means by which to participate in society, with security and a sense of dignity. However not all work enhances human development in this way. Work that is exploitative, degrading, does not produce sufficient income, is hazardous and lacking in protection is not conducive to these human development outcomes. The link between work and human development is synergistic. Work enhances human development by providing incomes and livelihoods, by reducing poverty and by ensuring equitable growth. Human development— by enhancing health, knowledge, skills and awareness— increases human capital and broadens opportunities and choices.
- **Protecting against risk and crises:** As the COVID-19 pandemic has shown, the exclusion of informal workers from the social protection system has resulted in significant negative impacts on their earnings, livelihoods, health and wellbeing. Urgent work is needed to expand social protection systems to informal workers to aid their recovery from the pandemic, but also to enable a quicker and more effective response to future crises.

Informal workers' integration into social protection systems and access to social protection responses to COVID-19

A critical aspect of creating better quality employment is ensuring that all workers – whether formal or informal – have access to social protection. For informal workers, social protection is a high priority. Most informal workers are poor. After increased, reliable income, they consistently list these as priorities: access to health services, available childcare and income security in older age. Informal workers' prioritisation of social protection reflects their lived realities. For instance, a recent survey of informal home-based workers in Cambodia by WIEGO and HomeNet Cambodia found that health costs are the most common reason informal workers go into debt.[viii] The COVID-19 pandemic, where most informal workers have lost much of their income and received little support, has further strengthened their demands to be included in social protection systems, including in systems that provide protection against income losses.

However, informal workers generally do not have access to social protection. They make up what is often called the "missing middle" of social protection. 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 or 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).

Figure 2. The 'missing middle' of social protection systems



Source: author's elaboration

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 2012 and the Recommendation 204 concerning the Transition from the Informal to the Formal Economy provide for the extension of social protection to workers in the informal economy.

The costs of informal workers' exclusion from social protection systems were starkly highlighted by the COVID-19 crisis. Although there was an unprecedented attempt by governments to expand emergency social assistance to this group, the majority of informal workers remained unprotected during the lockdowns of 2020, with severe impacts on incomes, health and food security.

Research conducted by WIEGO documents the lasting negative impact of the pandemic on the incomes of the working poor. In mid-2021, earnings for informal workers in **in** 11 cities[2] around the world were still far below their pre-pandemic levels and had not fully recovered their ability to work. Over a year into the crisis, the typical informal worker was only earning 64 per cent of their pre-COVID-19 earnings. In addition, the average number of days worked per week was only four in mid-2021, still considerably lower than the 5.5-day average in the pre-pandemic period.[ix]

Women informal workers have been disproportionately impacted. By mid-2021, among both street vendors and waste pickers, women's earnings had recovered to a lesser degree than those of their male counterparts. One-third of informal workers interviewed – both men and women – reported increased direct care responsibilities in 2021, but care burdens impacted women's livelihoods disproportionately. Of those with increased caring roles, women reported working, on average, two days fewer per week than men.

The crisis has forced workers into damaging survival strategies. Since the beginning of the crisis, 52 percent of respondents drew down on their savings, 46 percent borrowed money, and 17 percent sold assets – all strategies that can entrap households in poverty. The vast majority (82 percent) of workers who had drawn down on savings since the beginning of the pandemic were not able to replace any of the savings by mid-2021. The strategies have both immediate and long-term implications for well-being.

Most social protection measures established at the onset of the pandemic did not reach informal workers and often declined quickly, even though the crisis continued. In WIEGO's study, most support measures introduced in 2020 were reduced or discontinued in 2021. Very few workers reported access to forgiveness of rent, utilities and/or school tuition, and the number of respondents who received food support declined. There was a slight increase in access to cash transfers – from 37 percent in mid-2020 to 39 percent in mid-2021.[x]

Social protection is essential in enabling the equal participation of women in social, political and economic life

Gender is as important as class, race, and space in determining participation in the labour market, security and incomes at work, and access to social protection. There is gender segmentation within both the informal and formal labour markets. Women sometimes lack social status or legal rights, and thus are excluded from schemes. Social protection for women is especially vital, since women are usually responsible for child and family care. Women's responsibilities for unpaid care work lower their incomes while lengthening their (paid and unpaid) working days.

It is therefore critical to develop social protection systems that work for working women. Families, especially in the poorest households, rely on the earnings of informal women workers. A lack of quality public childcare contributes to gender inequalities in labour force participation rates and earnings and exacerbates high levels of poverty among women informal workers and the children in their care. Accessible, quality and affordable childcare that meets the needs of working women is therefore vital not just for the wellbeing and development of children but also to enable women's participation in the labour market.

[2] Accra (Ghana), Ahmedabad (India), Bangkok (Thailand), Dakar (Senegal), Dar es Salaam (Tanzania), Delhi (India), Durban (South Africa), Lima (Peru), Mexico City (Mexico), Pleven (Bulgaria), New York City (USA), Tirupur (India)

Gendered differences in labour market outcomes are an important reason why integration of informal workers in public social insurance systems is generally preferable to standalone schemes for informal workers that are based on individual savings accounts.[xi] Social insurance systems allow for the redistribution between richer and poorer members and ensure, through care credits, that women taking time off work to care for children or older family members are not penalised in their pension entitlements. Privatised individual pension savings accounts, as introduced in the 1980s and 90s especially in Latin America, on the other hand, have generally failed to address labour market discrimination and therefore resulted in increased gender pension gaps.[xii]

Organising in workers' organisations and cooperatives, advocating for their right to social protection, and participating in worker-led social protection schemes can provide platforms for empowerment of informal working women. A leading example is India's Self-Employed Women's Association (SEWA). SEWA is a trade union of women who earn a living through their own labour or small businesses, as more than 94 percent of women in India's labour force do. Founded in 1971, SEWA today has over 1.3 million members, and has become a national and international force in addressing poor working women's issues and helping them improve their lives and livelihoods. SEWA is not just a trade union, it is a movement of several types of membership-based organisations, including cooperatives – the union struggles for workers' rights while cooperatives and other collective organisations provide for economic opportunities.[xiii] Responding to their exclusion from national social protection systems, women workers also actively participate in the design and implementation of worker-led social protection schemes[xiv], thereby highlighting the need and feasibility of designing schemes that work for them.

What financing needs for social security exist in countries of the Global South?

The social assistance financing gaps in low and some middle-income countries are significant. Even excluding health, the International Labour Organization (ILO) and Overseas Development Institute (ODI) estimated the funding gaps for social assistance to be large, ranging from 34 to 36 billion USD a year for all low-income countries.[xv] The financing challenges are greatest in low- income countries, not only due to high levels of poverty, but also due to limited capacity to self-finance social protection at the scale needed to reduce even extreme poverty. Post-COVID-19, ODI estimates that nearly all low-income countries and some lower-middle-income countries were unable to afford even half the costs by 2030.[xvi]

Post-pandemic austerity measures and the current debt crises unfolding in many low- and middle-income countries threaten to undermine progress in expanding social protection coverage. High levels of spending in response to COVID-19, the resulting socioeconomic crisis and other shocks combined with reduced tax rates have left governments with growing fiscal deficits and indebtedness. Starting in 2021, this initiated a global drive toward fiscal consolidation and governments began adopting austerity approaches at a time when the needs of their people and economies are greatest. In 2022, IMF expenditure projections indicated that the austerity shock is expected to impact 143 countries in 2023 or 85 percent of the world population.[xvii] In 2022, the UNDP identified 54 developing economies with severe debt problems.[xviii] Failure of the international community to support developing countries to meet these challenges will likely lead to future reductions in social spending for those most in need.

How can countries enhance their domestic revenues for social security?

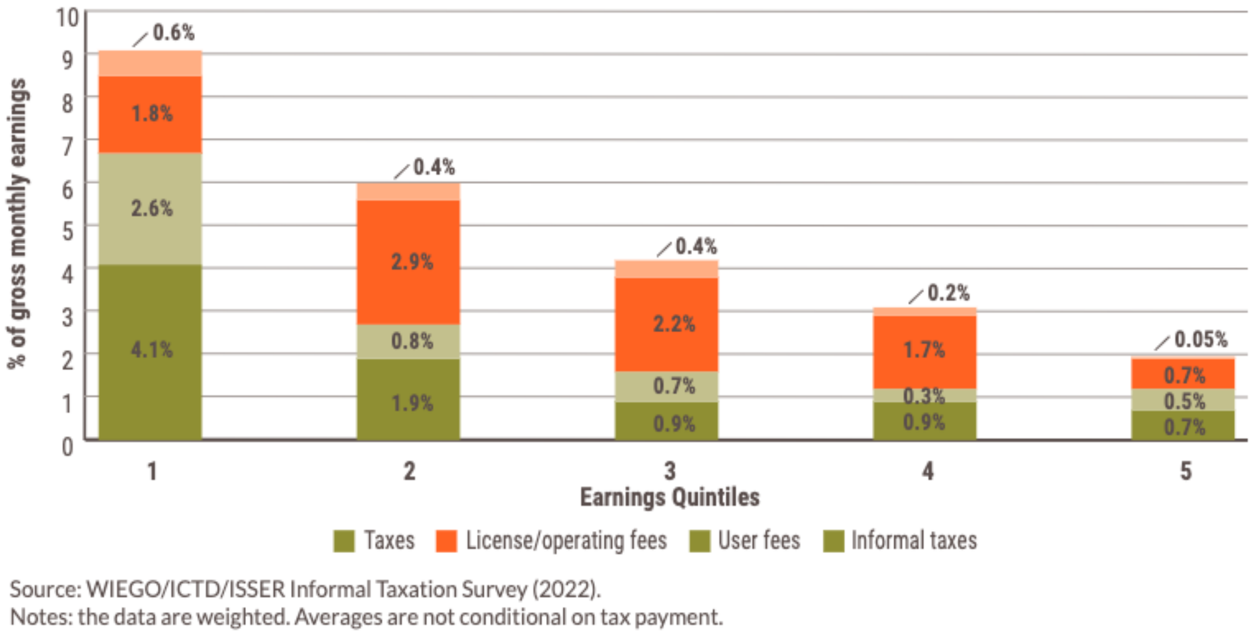
The need to scale-up financial support for low-income countries notwithstanding, most countries can (at least to some extent) increase social protection coverage from domestic resources. While there is a correlation between levels of economic development and investment in social protection, there are sizeable differences in social protection investment among countries at the same level of economic development (or countries with government budgets of similar size), indicating that there is some scope for policy choice regardless of the economic capacity of a country.[xix] Over the past 10 years, many countries, such as Cabo Verde, China, Indonesia, South Africa and Thailand, have increased investment in social protection, leading to significant achievements in terms of social protection coverage extension[xx]. In the African and the Latin American regions, average tax-to-GDP ratios increased as a result of the modernization of tax systems and administrations and tax policy reforms between 2000 and 2015 from 14.2 to 19.1 percent and from 18.0 to 23.1 per cent, respectively.[xxi]

Options to incrementally increase fiscal space for social protection exist even in low-income countries. According to the ILO, these include broadening the tax base, tackling tax evasion and building fair and progressive tax systems together with a sustainable macroeconomic framework, duly collecting social security contributions and tackling non-payment of social security contributions, reprioritizing and reallocating public expenditure and reducing corruption and illicit financial flows.[xxii] While none of these are easy, and likely will not fill the financing gap in the medium-term, global experiences show that they can lead to greater financing for social protection and, as importantly, enhanced ownership and sustainability by relying on domestic resources.

Successful efforts to increase domestic financing are based on a nuanced understanding of local and national economies and grounded in a social contract. While social protection spending and tax mobilisation should be progressive, pressures to quickly raise domestic financing can be regressive and negatively affect the livelihoods and earnings of the poor. An increasingly popular notion in discussions on resource mobilisation is that taxing the informal economy can provide much-needed financing following the COVID-19 crisis. Frequently, these proposals rest on the assumption that informal workers benefit from government programmes but do not contribute to them, as they do not pay taxes. While there has been plenty of policy enthusiasm around the "missing goldmine" of tax revenues in the informal sector, evidence suggests that these claims are severely overstated, as they ignore the tax, fees and contributions that informal workers already make (often at the local level), overestimate their ability to contribute more, and fail to account for the often-high costs of collection.

However, recent research by WIEGO in Accra, Ghana, finds that the opposite is true – informal workers' pay highly regressive taxes while not receiving much social protection. The paper, based on a representative survey of informal works, finds the following: First, most informal sector operators in Accra are not covered by social protection. Furthermore, receipt of COVID-19 relief in the informal sector was very low. Second, in contrast to a number of claims, the paper finds that informal sector operators in Accra do pay a range of taxes, permits, levies and fees. Especially for informal sector operators at the lower end of the income spectrum, the ratio of taxes to earnings is substantially higher than for formal workers. Third, informal sector tax burdens are highly regressive, with a disproportionate burden falling on the lowest earning segments of the informal sector.[xxiii] Indeed, informal workers are often happy to pay taxes (as they generally do so already). What they want is their contributions recognised – including through the provision of high-quality social protection.

Figure 3. Proportion of total taxes, fees and payments paid by Accra's informal workers as a share of gross earnings, by earnings quintile.



Source: Anyidoho et al. 2022. Tight Tax Net, Loose Safety Net: Taxation and Social Protection in Accra's Informal Sector

More support should be provided to realise the potential role of contributory social insurance in the domestic financing of social protection. Given the widespread levels of poverty and vulnerability in low and middle-income countries, national and international stakeholders rightly emphasise the importance of tax-financed social assistance. Limited domestic tax revenues and existing levels of international support are generally inadequate in financing universal social protection in most low and middle-income countries. One pathway towards increasing domestic financing towards social protection could be to place greater efforts in making social insurance seem more inclusive, in particular for informal workers. Contributory social insurance, if designed well, could bring additional resources into the social protection systems and relieve pressure on the tax-financed social assistance.

What challenges hamper the development of social security systems in the Global South? How can German development cooperation deal with these challenges?

Insufficient financing. Challenging global macroeconomic conditions, unstainable debt burdens resulting from the COVID-19 pandemic, and limited immediate scope to sufficiently increase domestic financing for social protection severely restrict the abilities of low-income countries, but also many middle-income countries to finance universal social protection. This has devastating consequences for the world's most vulnerable, and negatively impacts most residents in low-and middle-income countries. According to the World Bank, global progress in reducing extreme poverty has come to a halt. After COVID-19 dealt the biggest setback to global poverty in decades, rising food and energy prices—fuelled by climate shocks and conflict — have hindered a swift recovery.[xxiv] The UN warns that the intersection of the COVID-19 pandemic, Russia's invasion of Ukraine, the climate emergency, and the ongoing food and fuel crises puts achieving the Sustainable Development Goals (SDGs) in peril.[xxv] In this context, international support for the development of national social protection systems in low and middle-income countries is more important than ever. This should come in the form of both technical and financial assistance. German development cooperation should increase financial assistance to low-income countries to increase their investments in social protection systems.

Social security systems that are not adapted to the reality of most workers. Contributory social insurance systems remain generally based on formal employment, which is not the reality for the majority workers in low- and middle-income countries, most of which work informally and as self-employed. Achieving greater coverage of social insurance systems would: 1) provide high levels of protection to informal works beyond what is generally provided through tax-financed social assistance, 2) raise additional domestic financing in line with informal workers' contributory capacity, 3) provide ex-ante insurance in addition to ex-post assistance, and 4) hold the potential to improve governance, transparency and social dialogue as worker, employers and governments jointly contribute to the system. Around the world, governments are exploring different ways to make their social insurance systems more inclusive. However, these efforts are only insufficiently supported by global development cooperation on social protection.

German development cooperation should increase technical assistance, and where relevant financial assistance, to low and middle-income countries' efforts to make their social insurance systems more inclusive for informal workers. Germany has a wealth of expertise on social insurance and should play a globally leading role in supporting low and middle-income countries' efforts to make their social insurance systems fit for the future.

Global tax justice and debt relief. Unsustainable debt burdens and global tax evasion significantly undermine low and middle-income countries' abilities to finance not just social protection but also sustainable development and climate adaptation. Efforts of the German government to reduce low and middle-income countries' debt burdens to more sustainable levels and limit the abilities of multinational companies to evade taxes would significantly improve the financing position of countries that face the most pressing need to scale up social protection.

How could a global finance mechanism be structured to promote local ownership and self-financing amongst the countries of the Global South?

A global financing mechanism set up to co-finance social protection in low-income countries, should be designed in such a way that the governments of recipient countries retain full ownership of their social protection systems. It must therefore be ensured that the new financing mechanism's eligibility criteria are limited to a few core requirements, which are derived from International Labour Standards, including ILO Recommendation No. 202 (i.e., a commitment to guarantee non-discriminatory access to social protection).[xxvi]

In addition, recipient countries and their constituencies must be included in the decision-making processes with equal rights, and relevant civil society actors must be given appropriate opportunities to participate. This should include unions and organisations of informal workers. Finally, it is also necessary that effective accountability instruments be implemented. It is important that its governance structure is shaped by these three principles: ownership, inclusiveness, and mutual accountability.

Crucially, a global financing mechanism worth its name needs to provide meaningful financing to low-income countries' efforts to increase social protection coverage. Increasing financing for technical assistance on right-based social protection is important, as is developing a more coherent and internationally coordinated framework of providing this support. However, advice is no substitute for meaningful financial support, which is required to 'jump-start' the financing of social protection in countries that currently cannot afford the full implementation of universal social protection. In those countries, what is needed is seed-funding to enable the expansion of coverage in the near and medium-term, together with technical assistance to support counties' pathways towards ownership and sustainability.

What role can social security systems play in offsetting climate risks and in this context by instruments to protect against loss and damage associated with climate change?

The climate crisis presents an immediate threat to safety, health and livelihoods, especially for the most vulnerable people that are hit hardest by increasing weather extremes. There is a pressing need to address the social and economic impacts of climate change, especially given that these impacts often degrade future resilience, resulting in a downward spiral of climate impacts and rising vulnerability.[xxvii]

Social protection can serve as an effective tool to protect people against shocks and stresses induced or amplified by the climate crises. The magnitude of social protection responses to the socio-economic impacts of COVID-19 - with over 200 countries and territories investing over $800 billion in more than 1,400 social protection measures in 2020 - is evidence of its effectiveness in addressing mass covariate shocks. Similarly, social protection can play a central role in managing climate risks by addressing chronic poverty, providing temporary support during periods of acute economic and livelihood disruption, and ultimately building resilience and enhancing adaptive capacity to better prepare people for shocks. [xxviii]

For social protection to be able to fulfil its potential in protecting people from the climate crises, we need to now invest in the expansion of systems. The COVID-19 crisis – and especially the case of previously excluded groups, such as informal workers – has shown how challenging it is to quickly identify and reach those not already included in systems and databases. On the other hand, countries with universal or comprehensive social protection systems found it much easier to quickly direct support to those in need. The lesson from the pandemic is that now is the time to invest in building inclusive systems, not after a crisis.

How can universal social protection be achieved in the Global South? How can self-employed and workers in the informal sector be included?

Globally, self-employed workers continue to lack social protection coverage. Historically, they have been largely left out of social insurance systems and incorporating them poses challenges even for high-income countries. Self-employed workers are at the forefront of a rapidly changing world of work, and large numbers of them are in vulnerable employment, with no access to basic labour market protections, including social security. The COVID-19 crisis placed the challenges faced by self-employed workers, many of whom were working informally, in sharp relief. Many governments adopted temporary measures to try to shield them from the worst impacts of the crisis, but the measures have since expired. Going forward, extending permanent protection to self-employed workers, through both contributory and tax-financed mechanisms, is vital as part of broader strategies to build universal social protection systems.

Although in many contexts, social insurance schemes are struggling with sluggish enrolment, low contribution densities and other challenges, governments do not appear to be giving up on social insurance, despite claims and pressures to the contrary. Recently though, countries as diverse as Ethiopia (2011), Myanmar (2012), Vietnam (2014), and Indonesia (2015) have taken steps to legally establish or significantly expand comprehensive social insurance schemes for the private sector, largely along the lines of the traditional Bismarckian model. Others, such as Cabo Verde (unemployment) and Rwanda (maternity), have extended their existing social insurance frameworks to cover risks that had been previously omitted in national legislation. And China has made enormous strides in building up membership in contributory schemes, including social insurance. [xxix]

While some reports, especially from the World Bank[3], argue that social security systems are on their last legs and no longer feasible for a world of work with substantive self-employment and informality, the evidence does not appear to bear this out. Indeed, in most parts of the world contributions have remained stable or even increased, despite high and rising levels of informality, suggesting that social insurance contributions remain a highly important mechanism of financing social protection.

Governments around the world grappling with how to incorporate the self-employed are finding their way to diverse solutions. A forthcoming report by the ILO and WIEGO summarises lessons learned from governments' efforts to include self-employed workers in public social insurance schemes. These include the following:

- **Legislation.** Whether a scheme is grounded in legislation is fundamentally important for governance and ability of workers to claim rights. Most commonly, coverage is legally extended to self-employed workers via updates to national social security legislation.
- **Mandating participation** under compulsory systems, as in most benefits for self-employed workers in Algeria, Cabo Verde, Costa Rica, Brazil, Tunisia, and Uruguay. Little information is available on enforcement in these systems, but Costa's Rica's investments were noted as instrumental in increasing coverage, and there is evidence from the qualitative research that registrants in Uruguay were responsive to the 'negative incentive' of being subjected to inspections. Instituting **voluntary participation**, as in Mongolia and Thailand, which places a premium on pull factors – subsidies, benefits tailored to the needs of self-employed workers – and communication campaigns, while releasing the state of the need to invest in push factors like compliance enforcement. Experiences with voluntary participation have, by and large, not lived up to expectations.
- **Design.** Majority of countries mandated at least one benefit. Schemes can also be a mix of mandatory and voluntary elements (e.g. Uruguay's mandatory insurance with optional health insurance benefit). There is some limited evidence that mandatory schemes have greater coverage. However, on the whole, the types of benefits, financial incentives, degree and type of enforcement may be more important. Generally, it seems that integrating self-employed workers into the main national scheme, rather than having standalone ones, provides more scope for redistribution and cross-subsidization.

[3] *"…But this [Bismarckian] contributory approach is not a good fit for developing countries, where formal and stable employment are not common. Indeed, because eligibility is based on making mandatory contributions, this form of social insurance excludes informal workers, who account for more than two-thirds of the workforce in developing countries […]. This model is also increasingly unsuitable for the changing nature of work in which traditional employer employee relationships are no longer the norm. The traditional financing model of social insurance often makes employing workers more expensive […]."* World Bank, 2019.

- **Simplified and unified tax and social security regimes**, a specific type of special regime for specific groups of workers, as in Brazil and Uruguay. These monotax models have shown a high degree of success in addressing affordability and access challenges.
- **Lowering administrative barriers** has also been crucial in enabling self-employed workers to access schemes, for instance through One Stop Shops (Cabo Verde, Mongolia). Offering some degree of **choice and flexibility** with respect to the administrative requirements, access points for interfacing with social security/or tax authorities, levels and timing of contributions, and the scope and level of benefits provided. Indeed, some degree of flexibility for self-employed workers was present in all cases examined, highlighting the necessity of devising flexible systems to respond to the diverse challenges faced by the self-employed.
- **Benefits.** Workers see less value in schemes if benefits are not considered of value or worth the cost. Often governments mix short- and long-term benefits as a way to respond to the needs of workers in the informal economy. A key challenge in the expansion of social insurance to the informal working poor is overcoming the perception of long-term benefits (such as pensions) as being seen as not relevant to people's oftentimes difficult immediate needs. In response, governments, for instance, combine old age benefits, maternity and health insurance in one scheme. Maternity benefits and health insurance are most commonly integrated into social insurance packages for self-employed workers.
- **Financing.** Without an employer, the self-employed have to shoulder the entire contribution, which can range from 10 percent of earnings in Costa Rica to 30 per cent in Portugal. For low-income self-employed workers, this presents an affordability issue. Governments address this by matching co-subsidies from the government (Costa Rica, Mongolia) or subsidised contribution rates that are gradually increased with income (Algeria, Uruguay). Other examples of ensuring the affordability of social insurance for low-income self-employed workers include India's Workers Welfare Boards which are fully or partially funded by enterprises benefitting from the labour of informal self-employed workers in their value chains (e.g. construction).
- **Participation.** The active participation of membership-based organisations of workers in the informal economy is key to expanding social insurance coverage to that group. They support governments in spreading awareness about schemes, (e.g. Zambia, Mongolia, Tunisia), facilitate enrolment and the payment of contributions through collective insurance agreements (Costa Rica) and help shape the design of schemes to meet workers' needs (Uruguay).
- **Enabling and hindering factors** include workers' trust in government and in the governance of schemes, the strength of institutions and administrative capacity, the legislative and policy framework, and the participation of workers' organisations and movements.

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