



Social Protection and Informal Economy: Formalize the Informal Sector



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Security Measures and Active Labor Market Policies**

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Current Status of Informal Sector





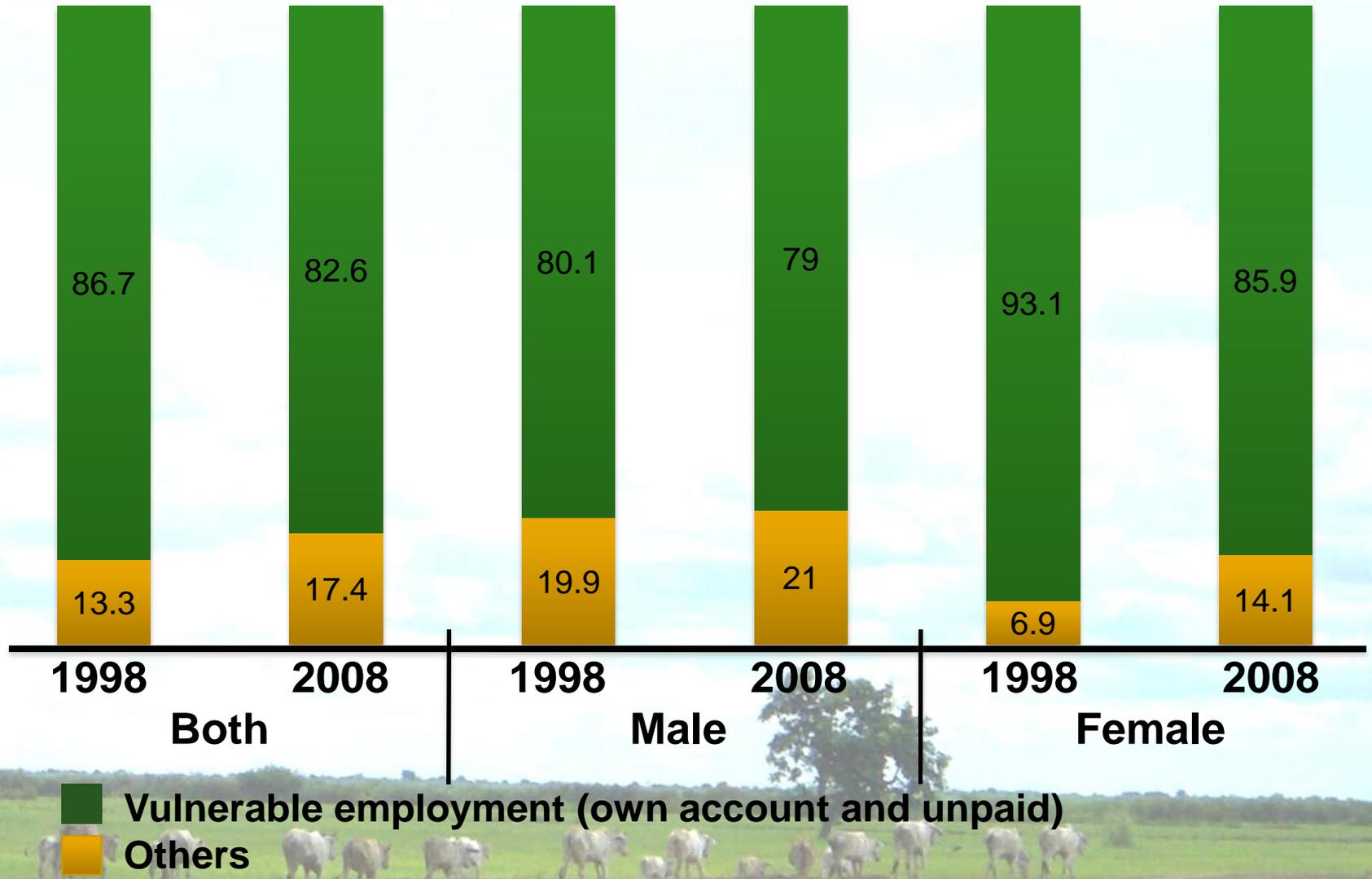
Poverty and vulnerability

- ❖ Employment in Cambodia is to a large extent unregulated, and 'informal', outside of the public sector
- ❖ Informal employment attributed largely to the primary sector and partly the informal tertiary sector
- ❖ Paid employees or wage-workers was about 1.2 million, including about 300,000 employees in public administration and defense
- ❖ The remaining 900,000 are regular workers in registered enterprises
- ❖ Only about 17 per cent of employment could be considered as formal





Poverty and vulnerability





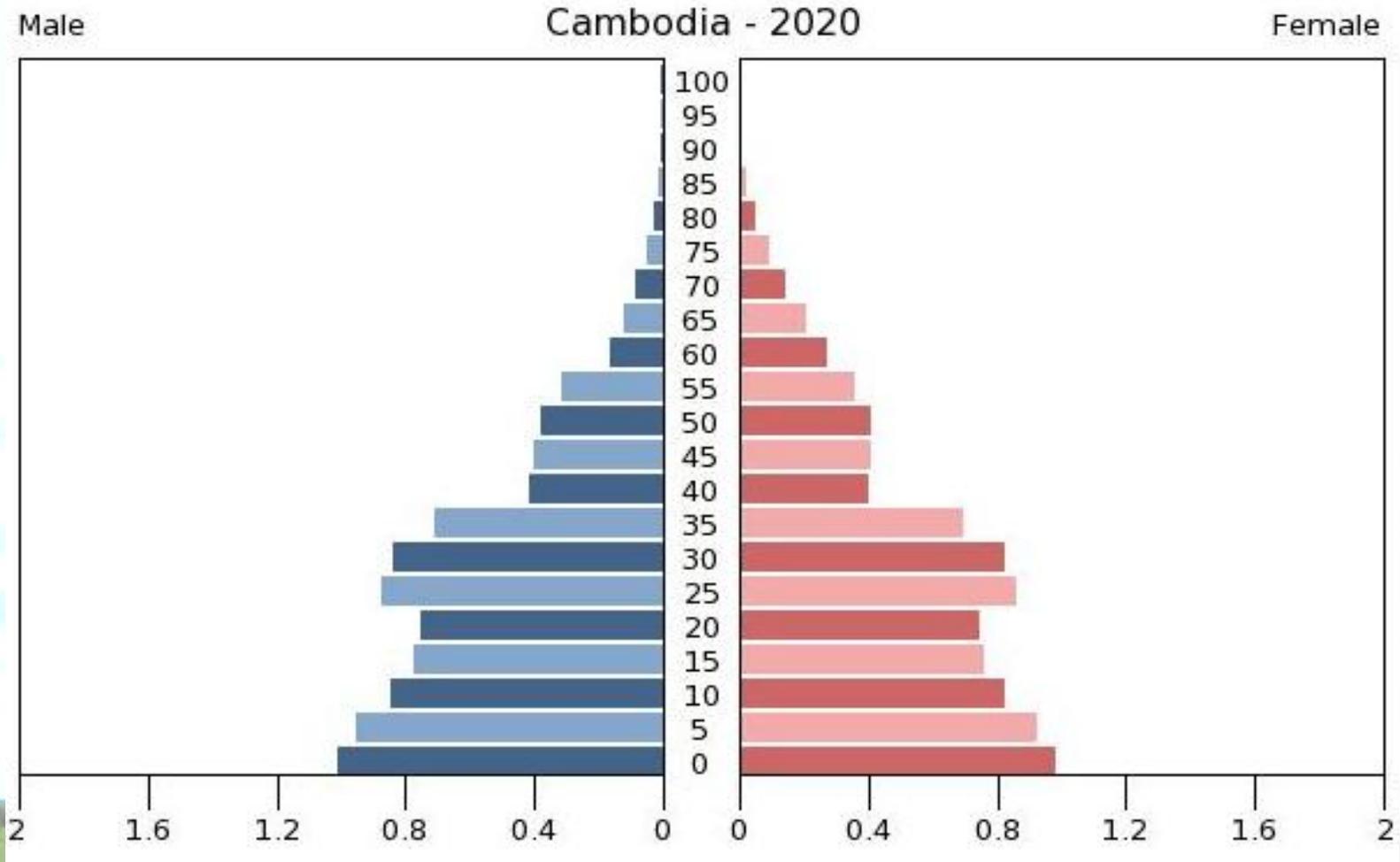
Poverty and vulnerability

Group	% Population	% Poor
Elderly	4.3	25.9
Employed	53.3	28.3
Female-headed H.H	18.2	27.9
People with disabilities	1.3	28.6
Ethnic minorities	2.2	36.1
Children (Ages 0-14)	33.5	37.4
Cambodia	100	30.5



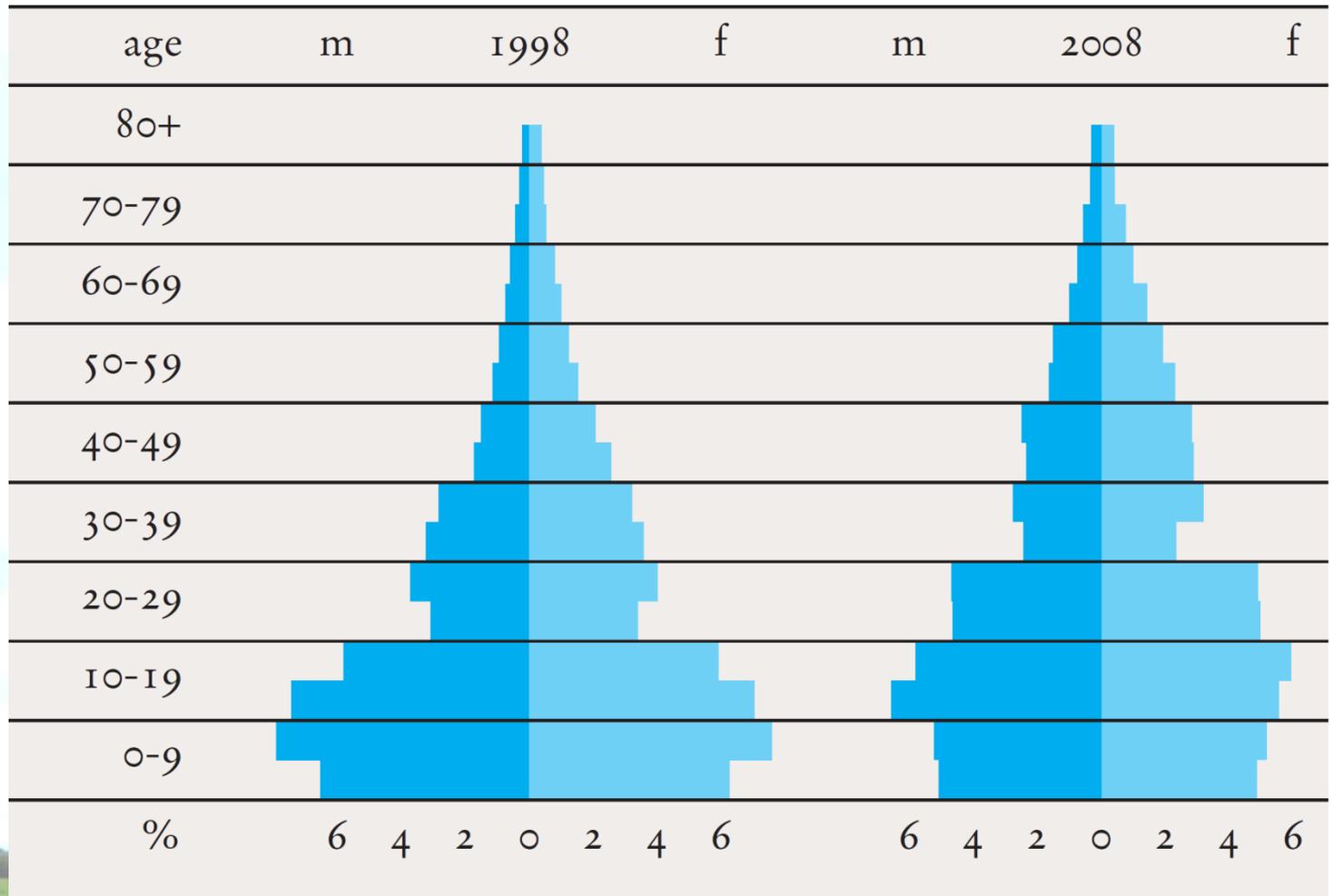


Demographic changes





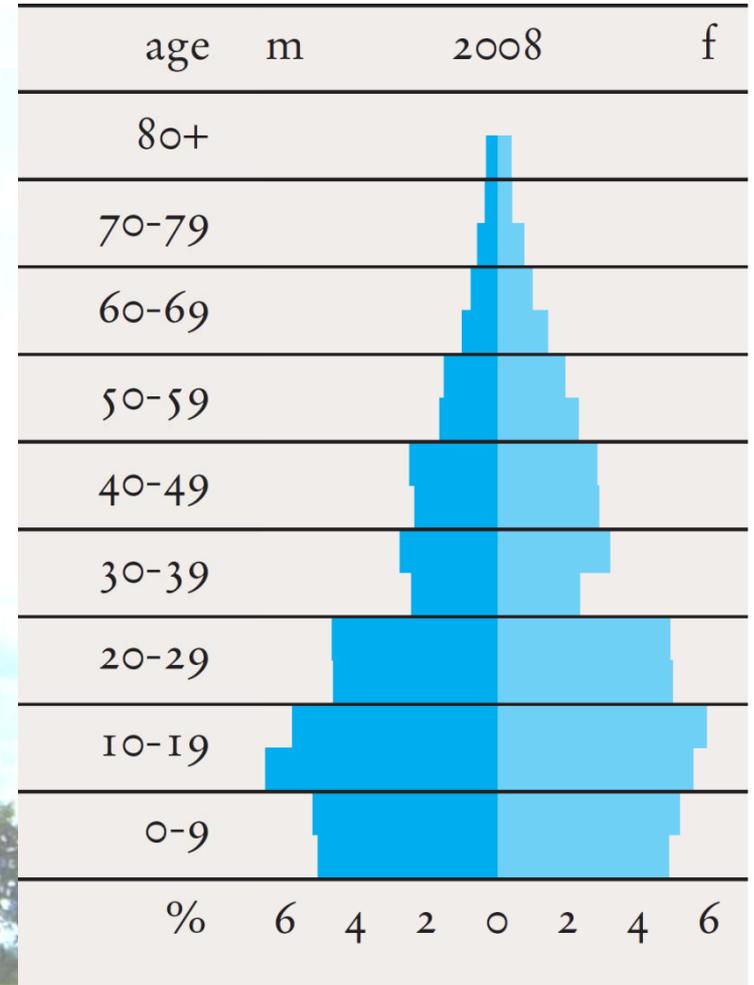
Demographic changes





Demographic changes

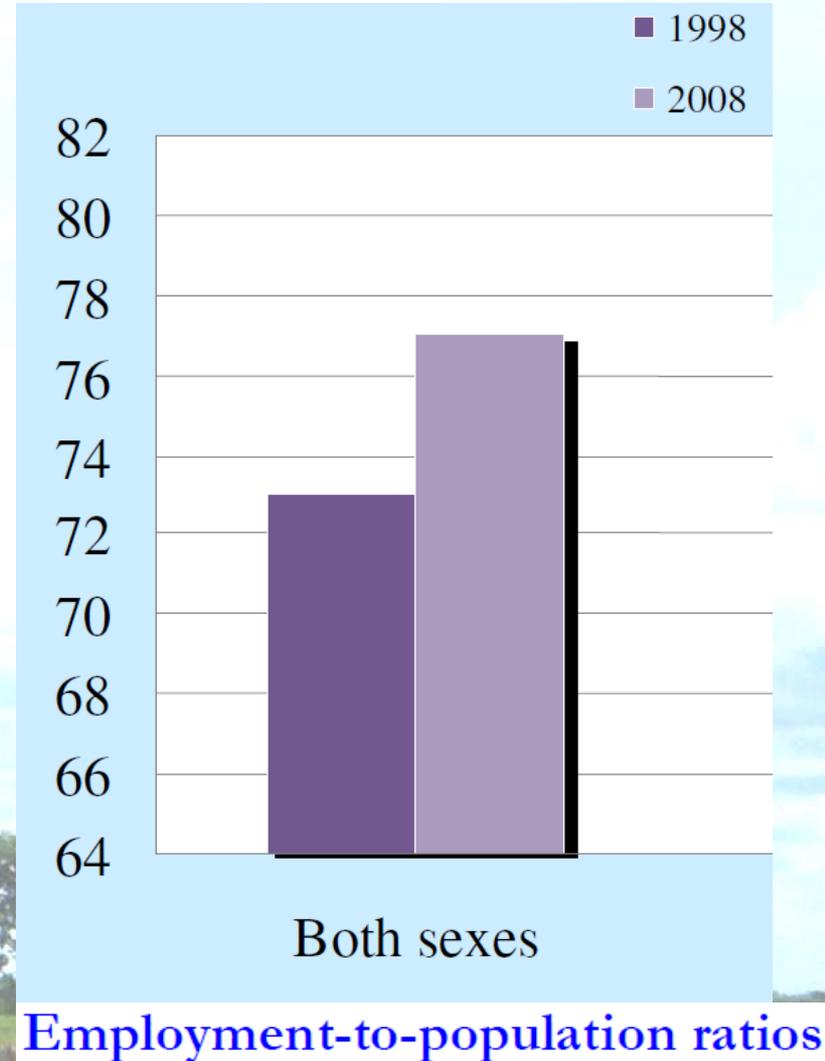
- ❖ By 2010, population > 15 year-old were 61.8%
- ❖ Job absorption rate (44% in 2008) dropped to 26% in 2009
- ❖ Employed population was 6.8 million (3.7 % increased annually)
- ❖ Low unemployment rate reflect the low-income, fast-growing status
 - ❖ the need to remain employed (even in poor jobs)
 - ❖ the lack of effective safety nets that allows people to earn some living in the informal sector





Demographic changes

- ❖ 2010, population > 15 year-old were 61.8%
- ❖ Job absorption rate (44% in 2008) dropped to 26% in 2009
- ❖ 2008, Employed population was 6.8 M (3.7% increased annually)
- ❖ 82.5% were under vulnerable employment
- ❖ 58.8% were illiterate and below primary education (71.6%, 1998)
- ❖ Out-of-school children in 2010 was 15%, dropped from 18.7% in 2005





Labour force

Low education resulted in difficulties to get employment opportunity

Mismatching between education and demand of labour market

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- ❖ Out-of-school children in 2010 was 15%, dropped from 18.7% in 2005



Labour force

**Low education resulted
in difficulties to get
employment opportunity**

**Mismatching between
education and demand
of labour market**

Work productivity

Employment

Competitiveness

Better condition

Increased wage



Labour force

**Low education resulted
in difficulties to get
employment opportunity**

**Mismatching between
education and demand
of labour market**

**Linking social protection
to employment generation policy**

Work productivity

Employment

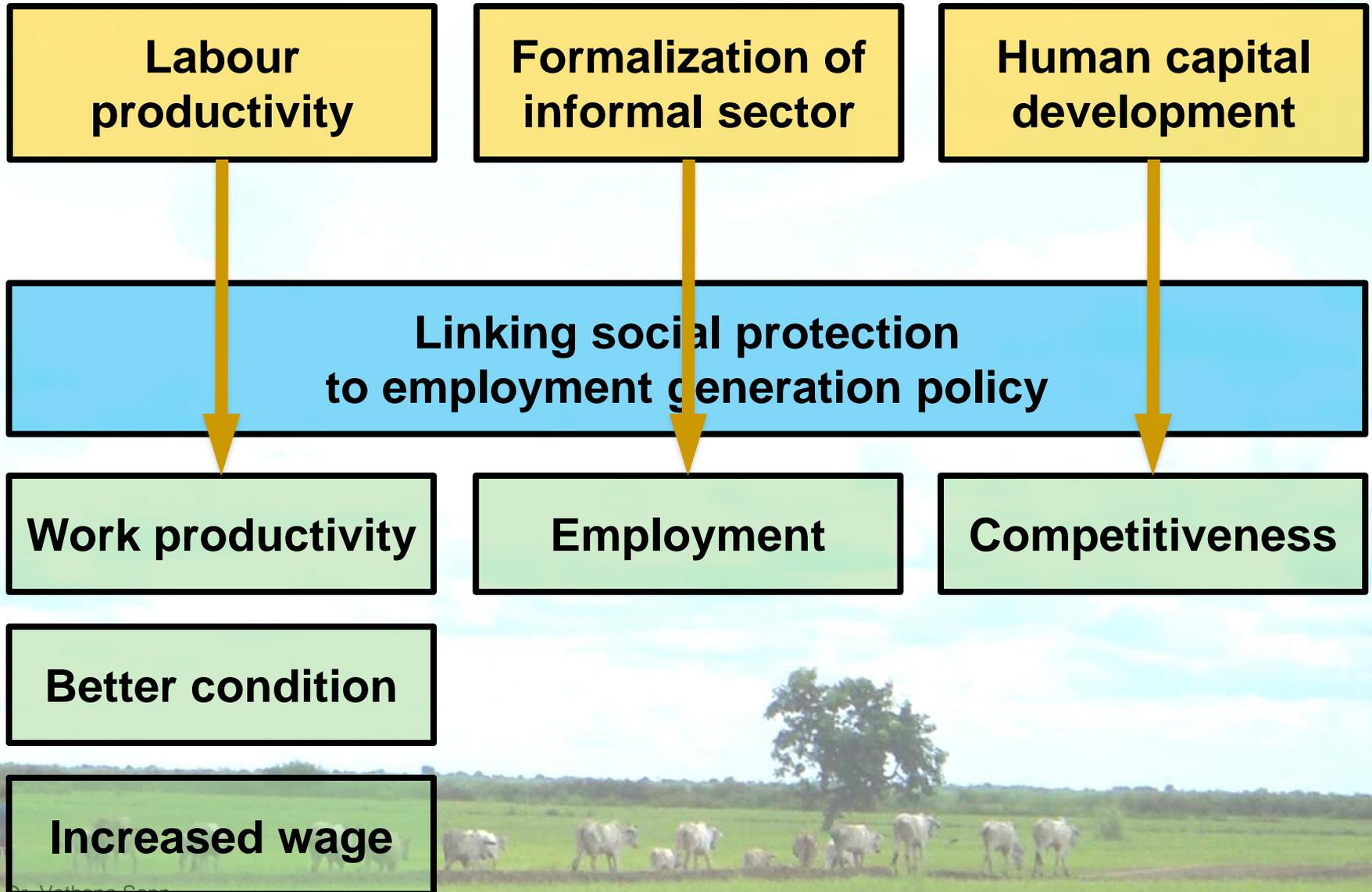
Competitiveness

Better condition

Increased wage



Labour force





National Social Protection Strategy





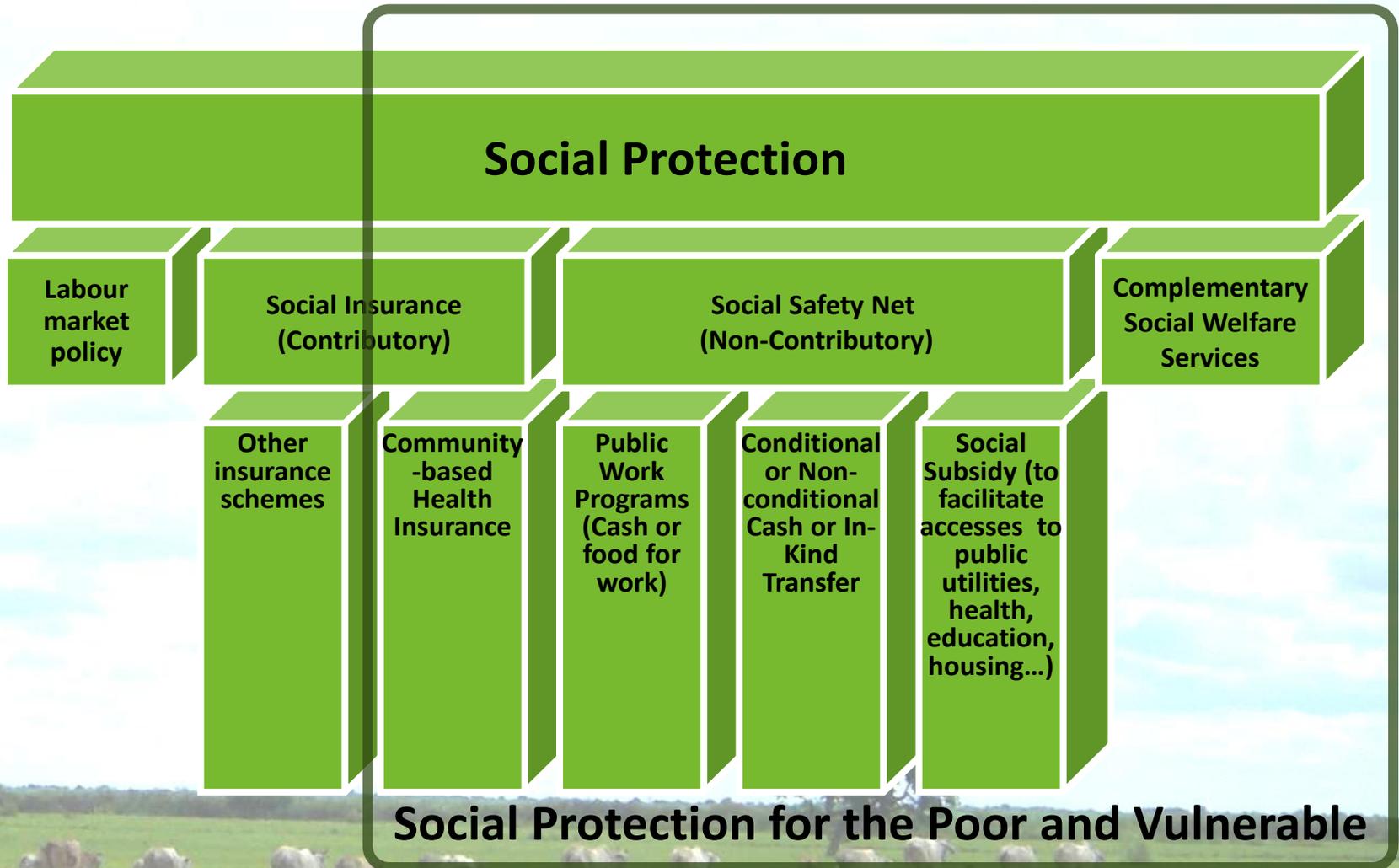
Social protection

- ❖ A major lesson from the recent economic crisis was the need to secure resilience against exogenous shocks.
- ❖ It also means access to merit goods, and the need to secure livelihoods against unpredictable shocks.
- ❖ social protection is not just
 - ❖ about social safety nets, compensating the losers from jobless, exclusive growth processes.
 - ❖ an intermediate step in a journey towards a welfare State (< 1% of GDP)





Social protection





Social protection

- ❖ Social protection is not merely a cost, relief operation, nor rescue package against impact of economic down turn
 - ❖ Social protection is an investment to national development by offering return in poverty reduction and human development
 - ❖ Social protection is not just only social safety nets, but to ensure full people participation in economic development
 - ❖ Development of NSPS is not to increase dependency but to promote productivity and demands





ALMP as part of National Social Protection Strategy





Objectives of NSPS

Priority area

Demand in emergency and crises

Human capital development

Food security and employment

Social health protection

Special vulnerable group

Objectives of NSPS

The poor and vulnerable receive support to meet their basic needs in times of emergency and crisis.

Poor and vulnerable children and mothers benefit from social safety nets to reduce poverty and enhance the development of human capital

The working-age poor and vulnerable benefit from work opportunities to secure income while contributing to the asset creation

The poor and vulnerable have effective access to affordable quality health care and financial protection in case of illness.

Special vulnerable groups receive income, in-kind and psychosocial support and adequate social care.



Objectives of NSPS

Priority area

Demand in emergency and crises

Human capital development

Food security and employment

Social health protection

Special vulnerable group

Public infrastructure restoration, vocational training



AIP



Objectives of NSPS

Priority area

Demand in
emergency
and crises

Human
capital
development

Food security
and
employment

Social health
protection

Special
vulnerable
group

Public work programs



Photo: Ngy Chanphal

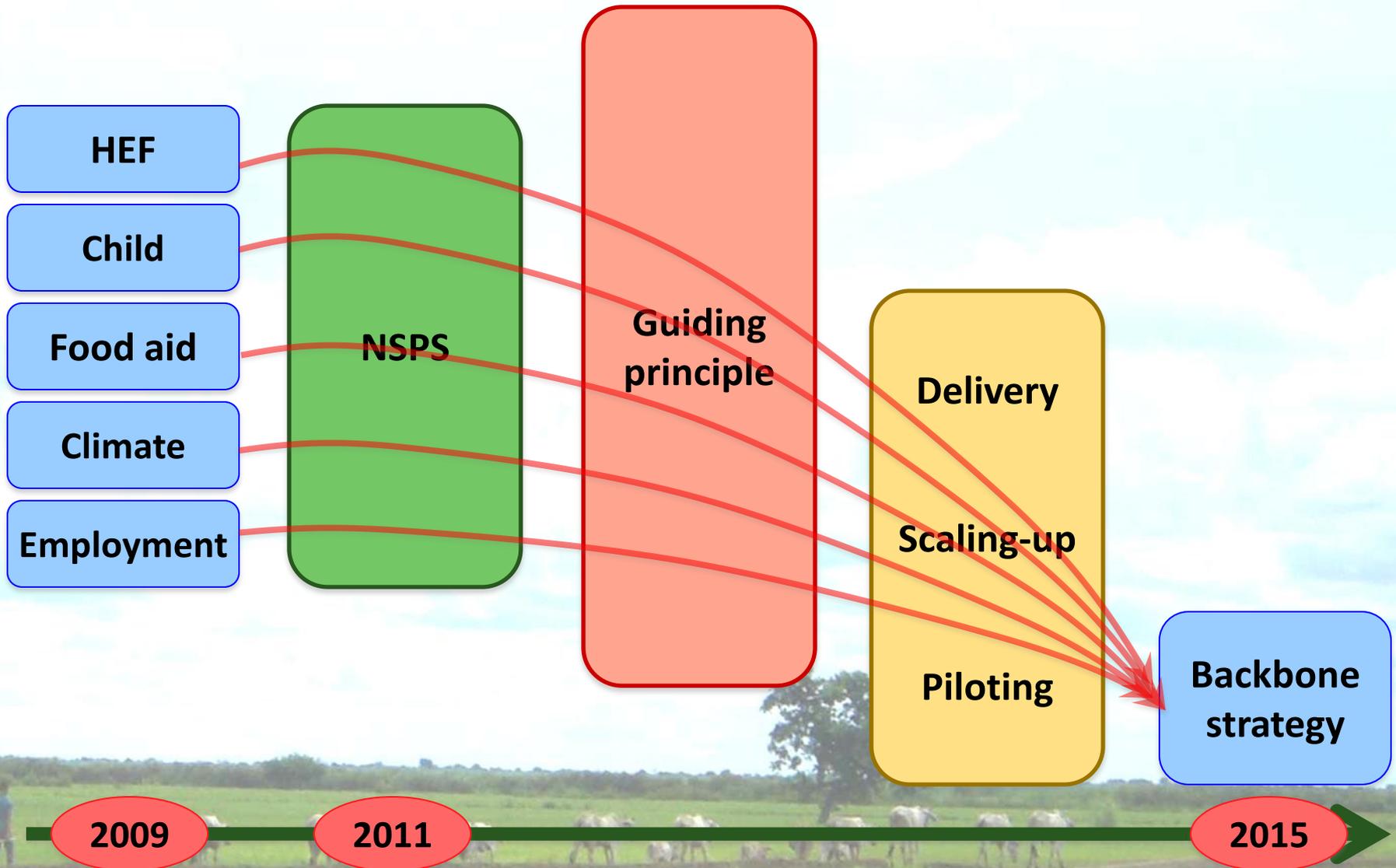


PWP and Domestic market

- ❖ Cambodia's domestic market is too small to act as an engine of growth.
- ❖ But SME form the core of Cambodia's economy (scale and capacity to address local demand)
- ❖ It provides an incremental source of growth and a further cushion against open economy vulnerability.
 - ❖ Labor intensive
 - ❖ Easy to set up and expand.
 - ❖ Able to focus on smaller markets
 - ❖ Lower start -up costs.
- ❖ PWP: a tool designated in NSPS for employment, infrastructure, and synergize others



PWP in the Integrated approach



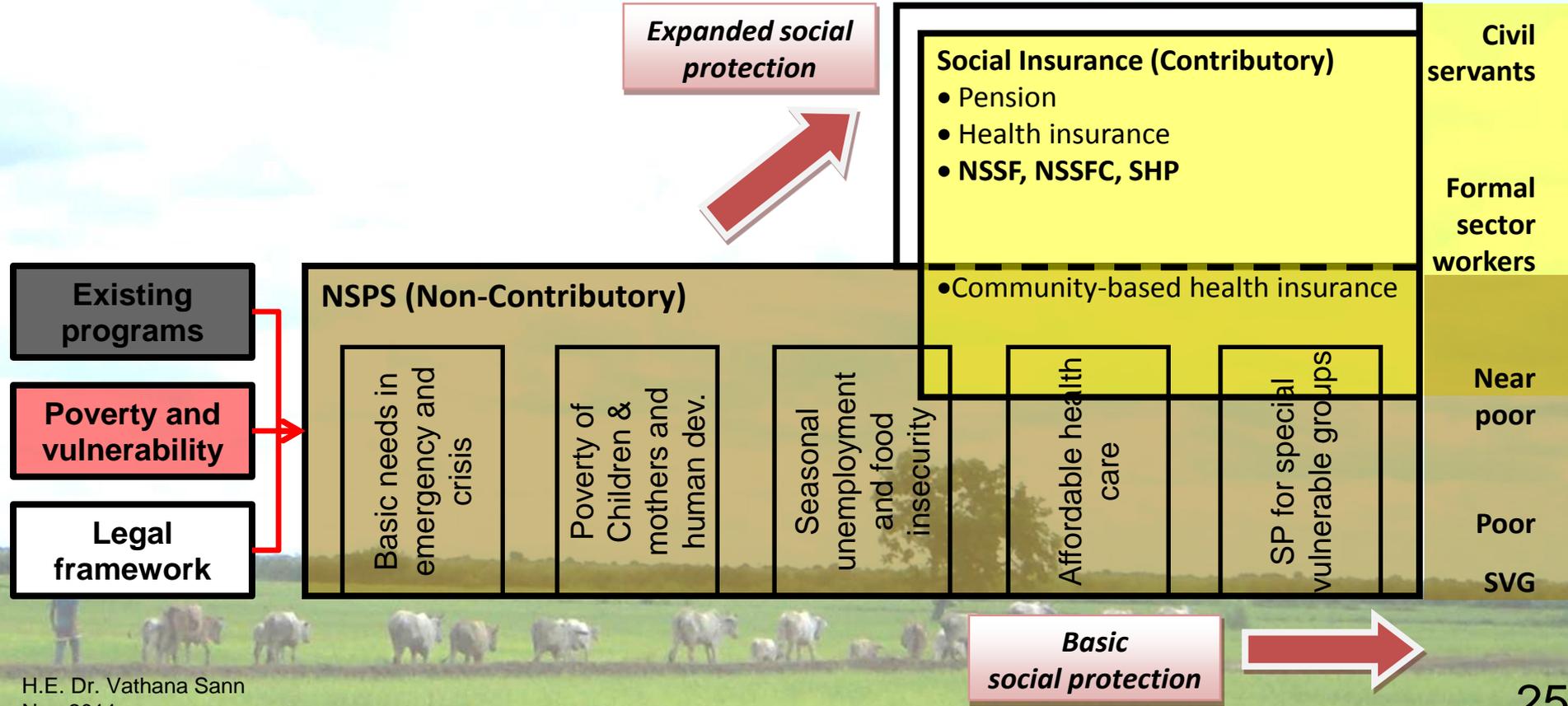


Formalizing the informal sector





NSPS (Gradual process)

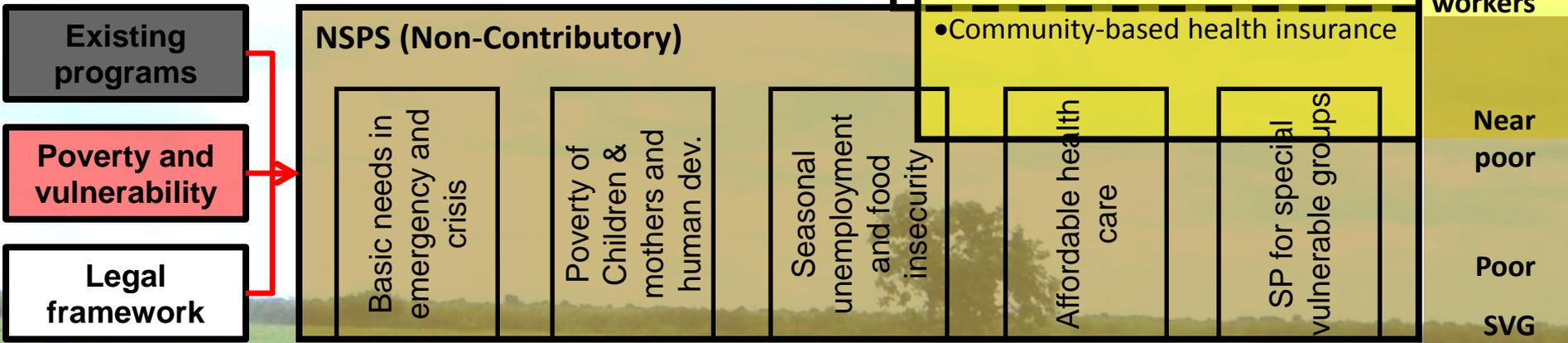




NSPS (Gradual process)

Estimated numbers (not to be cited)

- 1. Flood affected : 1.5 M
- 2. Pregnant women : 0.1 M Children : 1.7 M
- 3. Working age : 2.0 M
- 4. Health care : 4.0 M
- 5. Special group : Elderly (0.2 M)
Disable (0.1 M)
Ethnic (0.1 M)

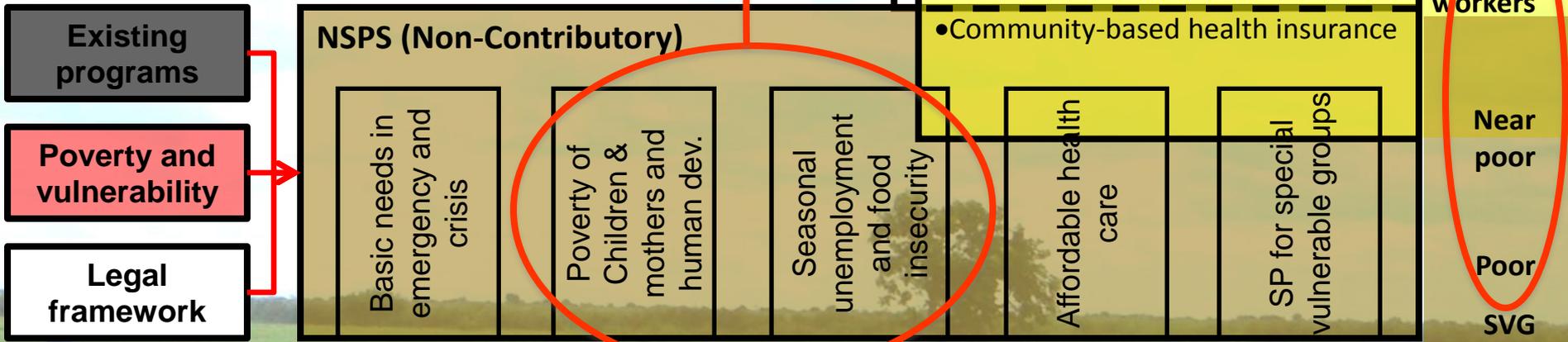




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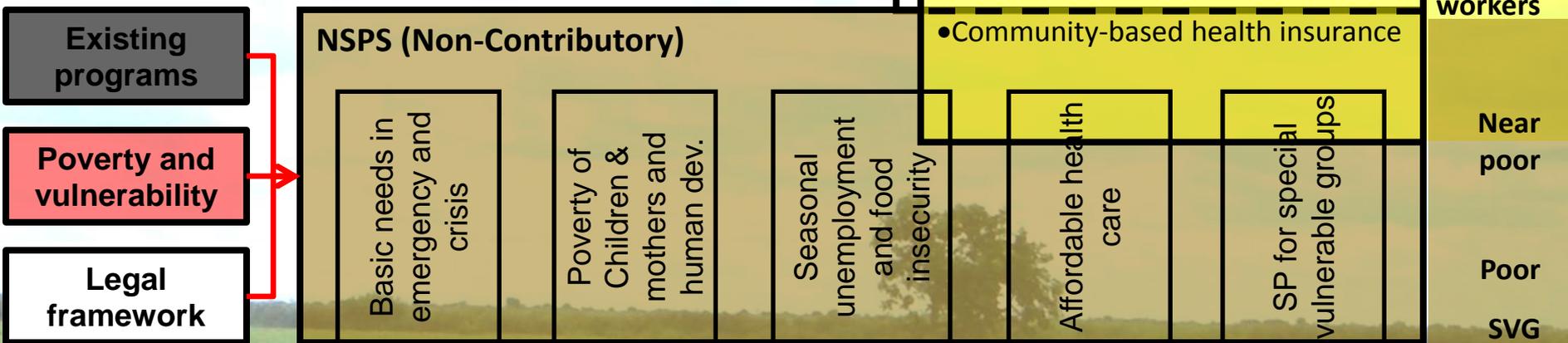
NSPS (Gradual process)

Social contract

- ❖ The poor unite (targeted) to acquire social transfer
- ❖ Intervention begins at early stage (ECD)
- ❖ SP for human capital development thus productive working age
- ❖ The move from NSPS to expanded SS

Estimated numbers (not to be cited)

- 2. Pregnant women : 0.1 M Children : 1.7 M
- 3. Working age : 2.0 M





Human capital development (competitiveness)





Human Capital Development

Priority area

Demand in emergency and crises

Human capital development

Food security and employment

Social health protection

Special vulnerable group

School feeding program



Photo: WFP, 2011



Human Capital Development

Priority area

Demand in
emergency
and crises

Human
capital
development

Food security
and
employment

Social health
protection

Special
vulnerable
group

Cash Scholarship



Photo: WFP, 2011



Human Capital Development

Priority area

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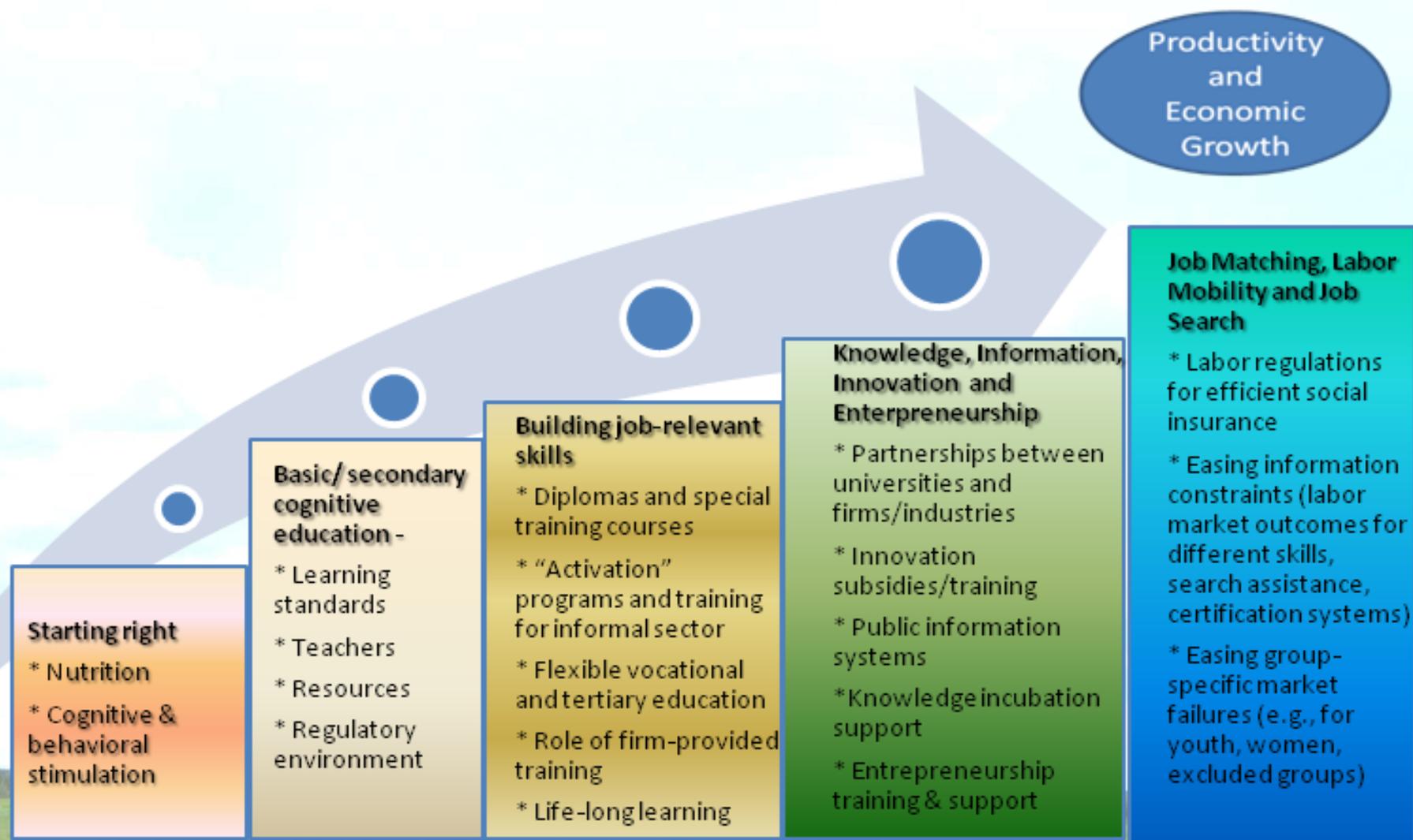
Food Scholarship



Photo: WFP, 2011



HCD in Integrated approach





Conclusion





What could be done

WORKERS IN THE INFORMAL ECONOMY, THE WORKING POOR:

- Progressive inclusion in the labor market
- Higher social protection



Increase employability: human capital (health, education) + work experience & training



Access to Sustainable employment (Micro-Enterprise or Formal jobs)



Higher levels of income



Expanded social Protection

Employment Services

- Skills assessment & training ...
- Access to PWPs ; Job placement
- Business Development Services



Basic social protection

- Access to health, education, food security
- Income security



What could be done (Three Steps)

STEP 3: Decent work opportunities & higher social protection

Beneficiaries are given the **access to contributory social security** schemes (automatic affiliation) or partially subsidized social security schemes, OSH.

Beneficiaries are channelled to **decent jobs opportunities** or are supported to **create their own businesses**.

STEP 2: Incentives are created for individuals to engage in employment interventions

Incentives in kind (access to additional services such as childcare, etc.) **and in cash** (supplementary income) are provided for beneficiaries undertaking training ...

Access to **information on job opportunities** or market development opportunities; **Counselling services and job placement...** Adapted Training services, **Public Employment Programs**

STEP 1: Basic social protection.

Beneficiaries and their families receive **cash transfers** to pull them out of poverty. Their access to **essential social services** such as education, health, information, etc. is also facilitated.

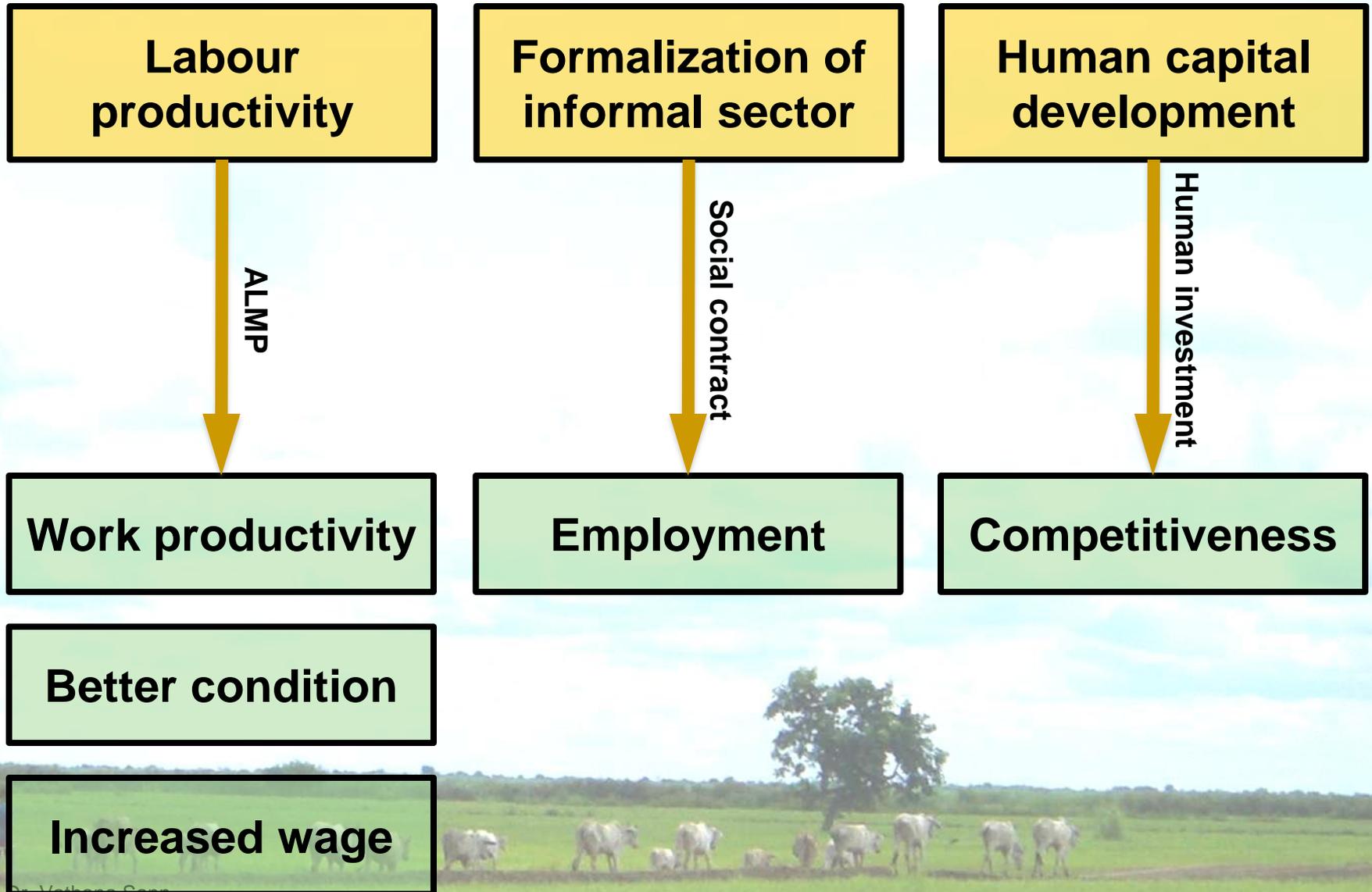
Access to **Public Employment Programs**.

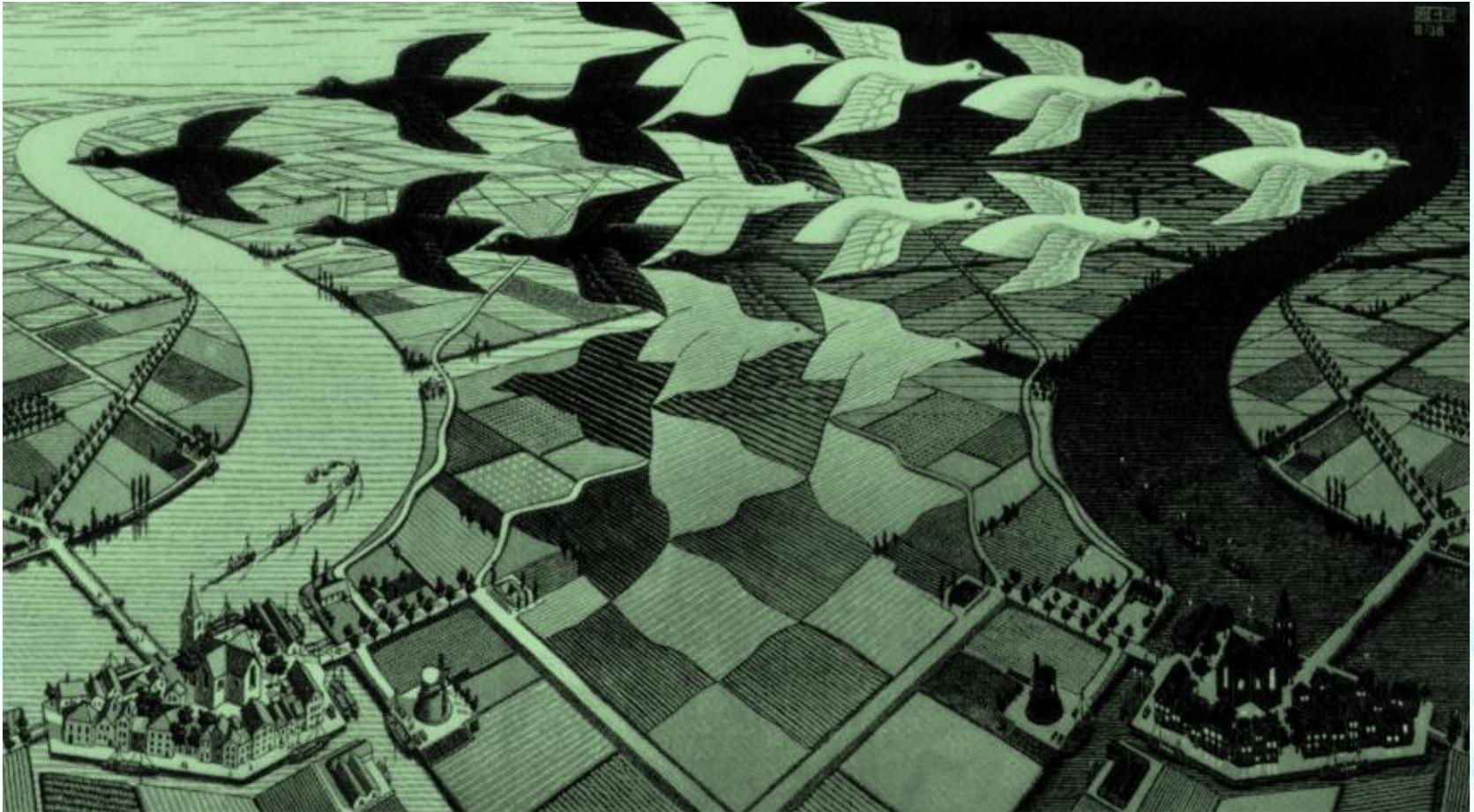
Higher levels of Social protection++

Labour market inclusion++
Sustainable income++



Policy frameworks of linking





THANK YOU FOR YOUR ATTENTION !