



Extending social protection to workers in the informal economy

September 2023

Inclusive social protection for all

Summary

This brief features experiences with extending social protection to workers in the informal economy during the European Union-funded [Improving Synergies Between Social Protection and Public Finance Management \(SP&PFM\) Programme](#). The International Labour Organization (ILO), the United Nations Children's Fund (UNICEF) and the Global Coalition for Social Protection Floors (GCSPF) jointly implemented the Programme under the ILO's Global Flagship Programme on Building Social Protection Floors for All (SPF Flagship Programme). The brief highlights what has been learned and the good practices and innovations used during the three years of implementation in 24 countries. The point is to summarize the drivers of impact that can then inform future interventions for further extending social protection to women and men working in the informal economy and to their families.

Aligned with a rights-based approach and guided by the ILO Social Protection Floors Recommendation, 2012 (No. 202) and the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), the SP&PFM Programme assisted countries in extending social protection coverage to all workers through adapted social insurance schemes, non-contributory schemes (usually tax financed) or a combination of both. This includes improving the coverage and adequacy of existing tax-financed programmes as well as adapting social insurance schemes to enhance the accessibility of benefits by lifting the legal, administrative and financial barriers to coverage.

With its activities, the SP&PFM Programme supported, among other aims, the development of integrated policy frameworks for the extension of coverage and transition from

the informal to the formal economy and explored options for sustainably financing this extension. The formalization of employment and enterprises, including through access to contributory social protection schemes, was also at the core of the strategy for increasing social protection financing through social contributions and a broadened tax base. Through its country interventions, the SP&PFM Programme contributed to other international initiatives, such as the United Nations Global Accelerator on Jobs and Social Protection for Just Transitions.

This brief draws from the experiences and results of partner countries within the SP&PFM Programme between 2020 and 2023. The good practices relate to the design and implementation of the strategies for extending coverage to workers in the informal economy and for opening pathways to formality. These learnings and new practices should provide useful guidance to policymakers, practitioners and social partners.

- ▶ For more information on the SP&PFM Programme's objectives, approach and implementation in partner countries, visit the [SP&PFM Programme website](#).
- ▶ For more detailed information and orientation on the extension of social protection to workers in the informal economy, visit the [ILO's Policy Resource Package on Extending Social Security to Workers in the Informal Economy and SPF Flagship Programme's thematic page](#). For more information on the United Nations Global Accelerator on Jobs and Social Protection for Just Transitions, its strategy and approach, visit the [official website](#).

Main Lessons Learned

- ▶ **Address needs and challenges.** The extension of social protection should rely on comprehensive national strategies that are informed by data and assessments that identify the needs, capacities and circumstances of people working in the informal economy. Addressing priority needs – particularly social health protection – enhances the attractiveness and effectiveness of the extension.
- ▶ **Expand existing schemes.** The extension of social protection to workers in the informal economy should be anchored on an inclusive legal framework that prioritizes adapting existing schemes through simplified procedures that reflect workers' circumstances. Creating separate schemes may impede labour mobility, including transitions to formality, if they are subsidized. They also carry a risk of insufficient risk-pooling and threatens the portability of acquired rights while often associated with higher cost for workers in the informal economy than if they are included in a general scheme.
- ▶ **Promote transitions to formality.** The extension of social protection should take place within an integrated policy approach to promoting decent employment and formalization while avoiding features that trap workers and enterprises in informality. Policies must consider gender and other social norms that confine specific groups to the most precarious informal jobs.
- ▶ **Combine contributory and tax-financed benefits.** Although contributory mechanisms have a vital role in providing adequate benefits, they may exclude workers who do not have the capacity to contribute. Complementing these mechanisms with non-contributory benefits ensures a basic level of protection for everyone.
- ▶ **Promote adequate and sustainable financing.** Covering the "missing middle" requires the mobilization of additional and sustainable domestic financing for health and social policies, as well as initial investments by the government.
- ▶ **Encourage participation in policy processes.** Strengthening the voice and participation of people working in the informal economy, notably through workers' and employers' organizations, is essential for designing inclusive social protection policies that address the needs, capacities and circumstances of various individuals. It requires broad information-sharing, awareness-raising and the capacitation of social partners to engage in policy processes.
- ▶ **Leverage professional networks.** Workers' and employers' organizations can facilitate their members' access to social protection by acting as trusted intermediaries between their members and the social security institutions for more effective implementation of the prevailing schemes.
- ▶ **Integrate the lessons from the COVID-19 crisis.** To inform the extension of social insurance, important lessons have emerged from the measures and digital innovations implemented to extend non-contributory benefits to workers in the informal economy during the COVID-19 response.

GUIDANCE FROM THE INTERNATIONAL LABOUR STANDARDS

The **ILO Social Protection Floors Recommendation, 2012 (No. 202)** and the **Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)** provide useful guidance for the extension of coverage to all workers, including those in the informal economy.

- ▶ Recommendation No. 202

[The Social Protection Floors Recommendation](#) asks that Member States formulate and implement social security extension strategies that are based on national consultations with effective social dialogue and social participation. Member States should progressively build and maintain comprehensive and adequate social security systems in coherence with national policy objectives and seek to coordinate social security policies with other public policies. Social security extension strategies should support the growth of formal employment and the reduction of informality.

- ▶ Recommendation No. 204

[The Transition from the Informal to the Formal Economy Recommendation](#) recognizes that decent work deficits – including inadequate social protection – are most pronounced in the informal economy. It contains guidance for improving the protection of workers in the informal economy and facilitating their transition to the formal economy. The Recommendation asks that Member States progressively extend, through the transition to the formal economy, the coverage of social insurance to workers in the informal economy and, if necessary, adapt administrative procedures, benefits and contributions, taking into account workers' contributory capacity (see para. 20).

- ▶ For more information on relevant standards and guiding principles, visit the ILO's [Social protection flagship thematic area: informal economy](#).

Context

A total of 2 billion workers – 61.2 per cent of the world's employed population – are in informal employment (ILO 2021b). These workers experience severe decent work deficits and do not enjoy their human right to social security. Left without access to health care and income security, they are typically locked in a vicious cycle of vulnerability, poverty and social exclusion. The COVID-19 crisis and its social and economic consequences highlighted that vulnerability and informal workers' exclusion from social protection systems, with many people working in the hardest-hit sectors (ILO 2020b).

The extension of social protection coverage to workers in the informal economy contributes towards improving their living and working conditions. In the long run, such inclusion helps reduce poverty and inequality and promotes inclusive economic growth, thereby benefiting socio-economic development and macroeconomic stability (ILO 2021b; OECD 2019). This is reflected in the 2030 Agenda for Sustainable Development, with its Sustainable Development Goal (SDG) target 1.3 highlighting social protection systems as vectors of poverty reduction.

Social protection has also been acknowledged to have a catalytic role in accelerating progress across all the other SDGs, including SDG 5 on gender equality. In a majority of countries, especially in low- and lower-middle-income countries, women are more likely to find themselves in the informal economy than men (ILO 2023d), thus rendering them more vulnerable in the workplace. This is partly caused by the unequal burden placed on women for unpaid care work, which results in them opting for more flexible and poorly remunerated informal employment to balance family duties with the necessity of earning money (UNICEF, ILO and WIEGO 2021). The extension of coverage to workers in the informal economy therefore has important implications for the reduction of gender imbalances in terms of access to social protection.

By enhancing human capital and labour productivity, the expansion of social insurance mechanisms to workers in the informal economy also contributes to the formalization of employment (ILO 2017). At the same time, the formalization of enterprises and employment broadens the tax and contribution base that can be reinvested into the financing of social protection and other public policies. This provides a better financing mix for social protection, which then alleviates pressure on tax-financed social assistance benefits and ensures sustainability and adequacy of the social protection system in the long run (ILO 2017).

In June 2021, the International Labour Conference adopted the [Resolution concerning the second recurrent discussion on social protection](#), in which the ILO's 187 Member States

committed to achieving universal access to comprehensive, adequate and sustainable social protection for workers in all types of employment. As half of the 4 billion people who do not have access to social protection (ILO 2021g) is informally employed, extending social protection mechanisms to workers in the informal economy and facilitating their transition to the formal economy are imperative to achieve this objective.

The persistence of the informal economy as the lifeline of many working families in developing countries poses a major challenge to the realization of workers' rights, including the right to social protection and decent work (box 1). For these workers in particular, the COVID-19 pandemic caused an unprecedented loss of jobs and livelihoods and exacerbated income insecurity around the world. More recently, the conflict in Ukraine triggered a cost-of-living crisis around the globe, set against the backdrop of the accelerating climate crisis and its adverse impacts on economies and societies.

► Box 1. Main barriers to the extension of coverage

Barriers to social protection coverage for workers in the informal economy include:

- their exclusion from legal coverage;
- excessive costs and inadequate financing arrangements;
- complex and burdensome administrative procedures;
- a lack of enforcement and control;
- a lack of information and awareness on social protection and trust in institutions;
- a lack of representation and organization of workers; and
- a lack of coordination and integration between social protection systems and other policies.

In this context, the SP&PFM programme was implemented to develop integrated policy frameworks for extending coverage and facilitating the transition from the informal to the formal economy. It also explored sustainable financing options for this extension and ways to improve the public finance management of social protection budgets. The insights shared below should offer valuable guidance to policymakers, practitioners, and social partners. These experiences have

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also contributed to the [United Nations Global Accelerator on Jobs and Social Protection for Just Transitions](#), which seeks to expedite a job-rich recovery and promote equitable

ecological, technological, and societal transitions toward more sustainable and inclusive economies, including the shift towards formality.

Developing integrated strategies

The extension of social protection requires the development of evidence-based national strategies that respond to workers' needs, capacities and circumstances. It can be achieved through the expansion of existing schemes to all categories of workers by adapting registration and contribution mechanisms. Separate or sector-based schemes have also been implemented with caveats underlined earlier. In both cases, formalization remains a primary pathway for extending social insurance mechanisms.

The extension of social protection must therefore be embedded in integrated strategies to facilitate the promotion of decent employment and transitions to formality through links with other policy areas. Such integrated strategies are at the core of the [Global Accelerator for Jobs and Social Protection for Just Transitions](#). In addition, contributory social insurance can be complemented with tax-financed benefits to ensure a basic level of coverage for all workers in the informal economy, including those with limited contributory capacity.

Building evidence-based policy frameworks

The extension of coverage to workers in the informal economy should take place within evidence-based national extension strategies that address workers' and enterprises' specific needs and circumstances (ILO 2021b). This often starts with a diagnostic of the situations of workers and enterprises in the informal economy to identify options for reform of the existing legal and regulatory framework based on priority needs, as in [Senegal](#) (box 2).

As well in [Uganda](#), a feasibility study on the extension of National Social Security Fund's benefits to self-employed workers was undertaken to inform the strategies for coverage extension, along with international experience and ILO international social security standards. In [Nepal](#) (ILO 2023b) and [Cambodia](#) (Oxfam 2022), in-depth analysis of the informal economy and workers' contributory capacities informed policy recommendations for extending existing schemes to self-employed workers that covered governance, coordination, contribution rates, benefit levels and eligibility conditions.

► Box 2. Designing Senegal's Simplified Scheme for Small Contributors

In [Senegal](#), a comprehensive review of the social protection system (ILO 2021e) carried out in 2019 identified the need to take action to extend coverage to the "missing middle" – the self-employed workers and other workers in the informal economy. A sector-based diagnostic on the situation of economic units and workers in the informal economy (ILO 2020a) enabled a gauging of their priority needs (health, maternity and pension coverage) and an assessment of their contributory capacities. The results informed the policy options, debated through tripartite workshops and multiple consultations with trade associations representing workers in the informal economy. A simplified health insurance scheme for micro and small enterprises and their workers (employees, contributing family workers, apprentices, etc.) and own-account workers was launched in 2022. Family and maternity benefits, old-age and survivors' pensions, employment injury and invalidity benefits will be added in 2024. The provisions, included under the new Social Security Code, aim at extending the existing schemes through simplified and adapted procedures. At 7,000 CFA francs (about US\$12) per person per year, the contributions remain affordable. To take into account income disparities in the informal economy, additional voluntary coverage is also offered. So far, the scheme has registered 8,000 workers and aims to affiliate another 40,000 workers by the end of 2023.



A doctor examines a patient during a medical consultation, Dakar, 2022
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Access to health care without hardship in times of sickness constitutes a common priority need for workers in the informal economy, especially as health-related out-of-pocket expenses remain one of the main causes of poverty (ILO 2021b). Studies carried out in **Cambodia** (Oxfam 2022), **Nepal** (ILO 2023b) and **Senegal** (ILO 2021e), among others, confirm this trend, with sickness benefits and access to health care coming out on top of the needs cited by interviewed workers. This priority can be leveraged to enhance the attractiveness of benefits and incentivize registration by providing workers with social health protection benefits as an entry point, which can be further bundled into a package with other social security benefits, as was done in **Senegal** (see box 2). Conversely, understanding the needs and constraints of workers in the informal economy helps design universal health insurance and other universal health care coverage policies that are effective at including all groups of workers.

The participation of social partners in the formulation of extension strategies is essential to ensure that benefits are adequate, affordable, accessible and attractive. In **Angola**, tripartite roundtables on the extension of social protection to the informal economy led to a proposal for the creation of a voluntary insurance scheme suited to workers' priority needs. In **Nepal**, consultations were conducted between the Government and workers' and employers' organizations on the proposed design and implementation modalities of schemes for self-employed workers. The resulting feedback informed new regulations on contributory social security for workers in informal employment that were adopted in December 2022.

Adapting existing mechanisms to the circumstances and needs of workers

The heterogeneity of the informal economy calls for the necessity to adapt registration and contribution mechanisms to the capacities and circumstances of different groups of workers through measures that address the specific risks and barriers to coverage – legal, financial and administrative – that they face, taking into account employment status and sector.

- ▶ **Côte d'Ivoire** introduced measures to simplify the registration and contributions collection mechanisms and enhance self-employed workers' access to the universal health coverage scheme and the Simplified Scheme for Independent Workers (Mian 2022). This included collective registration agreements with trade associations, digital payment solutions (mobile money), single access points for the payment of taxes and contributions, single social security numbers and yearly contributions taken from the export-based revenues of agricultural cooperatives.
- ▶ In **Senegal**, the National Social Mutuelle acts as a single contribution collection point for all social security branches covered by the Simplified Scheme for Small Contributors, which are currently administered by different

social security institutions. This institutional arrangement simplifies the registration and contribution procedures for workers and reduces associated time loss.

- ▶ In **Nepal**, enrolment in the Health Insurance Board, which is open to all citizens but largely targets workers in the informal economy, is facilitated by enrolment assistants who take part in door-to-door promotional efforts to register families into the scheme. Contributions are subsidized for ultra-poor and target groups, such as persons older than 70, female community health volunteers and families with individuals affected by severe disabilities, multi-drug-resistant tuberculosis, leprosy, HIV or AIDS (ILO 2023c).

Mechanisms and administrative procedures can be tailored to ensure workers' integration into existing schemes, as in **Togo** (box 3). This is a recommendable policy option because it enhances risk-pooling and financial stability. Creating separate schemes reduces the level of risk-pooling and introduces the issue of portability of rights between schemes for workers in formal employment and in informal employment, which may discourage formalization and labour mobility (ILO 2021b). In addition, voluntary mechanisms are subject to adverse selection issues.

▶ Box 3. Integrating self-employed workers into the general pension scheme in Togo

In **Togo**, the COVID-19 crisis led to renewed interest in social security from informal economy actors, who traditionally leaned towards savings schemes. In response, self-employed workers were integrated into the general old-age pension regime under the National Social Security Fund, anchoring the extension into the existing institutional architecture to secure adequate levels of protection. Reforms consisted of:

- ▶ adapting the legal framework to include self-employed workers and other workers in the informal economy; and
- ▶ adapting the registration and payment mechanisms based on digital innovations, such as through mobile money and the digitalization of procedures.

This laid the ground for the extension of mandatory social health insurance to workers in the informal economy through adapted financing mechanisms following the adoption of the Universal Health Insurance Law, 2021. The process was informed by a study on contributory capacity.

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Digital technologies often take on an important role in the adaptation and simplification of mechanisms, particularly with regard to registration, benefit payment and information management.

- ▶ For example, in **Cabo Verde**, a new software program was developed to improve the efficacy of the management of social pensions by the National Social Protection Fund and municipalities. The system now allows for quicker and more efficient selection of beneficiaries and automatically adjusts contributors' medical ceiling with the Mutual Health Fund accordingly. The software created a more direct connection to pharmacies and is also interoperable with the Post Office and the Ministry of Finance systems to facilitate the delivery of pension benefits.
- ▶ In **Nepal**, both the Social Security Fund's and Health Insurance Board's management information system (MIS) includes an interface with insured persons, accessible through a mobile phone, which thus greatly facilitates their enrolment, contribution collection, the payment of benefits and submission of grievances. The Social Security Fund is now revamping its MIS based on openIMIS software to improve the administration of the social security schemes and the efficiency of service delivery (ILO 2021f). The Health Insurance Board is already accessible through an Android-based application operated by the [openIMIS](#) software. The administrative process is technology-driven and cash-free. Once a beneficiary makes use of the services, the provider submits the invoice to the Health Insurance Board, which proceeds with a review and payment (ILO 2023c).
- ▶ In **Uganda**, the National Social Security Fund recently revamped its mobile application (NSSFGGo) to improve customer access by adding features for payments by voluntary users and employers whose contributions are less than 4 million Ugandan shillings monthly, retirement benefit projections, e-statement generation and direct contact with a Relationship Manager. Some benefits, such as invalidity benefits, can also be claimed electronically through the application in less than three minutes – without the need to physically visit a branch of the Social Security Fund.

Facilitating transitions to formality

The formalization of enterprises and employment is a key pathway for the extension of contributory social insurance to selected groups of workers who are close to the formal economy and have some contributory capacity (ILO 2021b). The extension of contributory social insurance is best embedded into larger formalization strategies – as was done in **Nepal** (box 4). Transitions to formality require integrated national strategies that combine investments in employment and decent jobs, skills generation and universal social

protection, among others. Such integrated strategies are at the heart of the [Global Accelerator on Jobs and Social Protection for Just Transitions](#).

▶ Box 4. Extending social insurance through formalization in Nepal

Nepal took steps towards a coordinated and integrated approach to formalization in the country with its Formalization Action Plan, which incorporates elements of employment, enterprise formalization and the extension of social protection coverage. Endorsed in August 2022, the Plan is overseen by the tripartite Central Labour Advisory Council, which includes employers' and workers' representatives and government agencies beyond the Ministry of Labour, Employment and Social Security and the Social Security Fund (such as the National Planning Commission, the Ministry of Industry, the Ministry of Finance and the Statistics Office). The Plan foresaw the adoption of new regulations to extend contribution-based social security for workers in informal employment. Launched by the Ministry of Labour, Employment and Social Security in December 2022, the regulations include provisions to ensure legal coverage by aligning the legislation with the definition of informality. In alignment with ICSE-18-A classification,* the legal framework for the extension now explicitly refers to "self-employed", as opposed to a category of "informal workers", which had no legal basis and thus presented challenges for implementing the social security scheme (ILO 2023a).



A social media post by the Nepal Social Protection Civil Society Network for Global Social Protection Week, November 2022.

Note: *[International Classification of Status in Employment according to type of authority \(ICSE-18-A\)](#).

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Sound coordination with other relevant policy areas is essential for the extension of social protection to effectively promote transitions from the informal to the formal economy. For instance, in [Senegal](#), a package of incentives for formalization and registration to the simplified social security scheme was proposed, based on intersectoral tripartite consultations (Dia 2022). It includes fiscal, digitalization, enterprise and skills development, organization and education (prevention, occupational health and safety, information and awareness) measures. To unlock these incentives, workers must register through the Entrepreneurship Status framework, which is a simplified regime for micro and small enterprises adopted in 2022, and contribute to the Simplified Scheme for Small Contributors.

The extension of social security to workers in the informal economy and their formalization often requires legal frameworks that are more inclusive of their realities. This is best achieved by removing participation requirements (such as minimum requirements regarding the size of the enterprise and its revenue levels) or incorporating non-standard forms of employment in legislation (ILO 2021b) rather than by singling out informal economy workers as a specific, rigid category, which brushes over their heterogeneity and hampers transitions to formality (ILO 2023a) (see box 4). For instance, [Senegal](#) revised its social security legal framework and regulatory provisions relating to universal health care coverage to extend coverage to workers in micro and small enterprises who were previously excluded from its scope. As a result, the new Code Unique de Sécurité Sociale now provides a compulsory legal guarantee for workers in the informal economy through a simplified scheme. However, to take into account the heterogeneity of situations in the informal economy, the Government adopted a gradual sectoral approach, depending on the maturity and degree of organization of each sector of activity.

Such integrated approaches trigger a virtuous cycle of productivity increase, more sustainable enterprises, better working conditions and access to progressively higher levels of protection for workers, thus unlocking a pathway to decent work (ILO 2021b). Conversely, a lack of coordination with policies that promote the formalization of enterprises and employment risks creating disincentives for formalization. This can occur, for instance, when informality constitutes an eligibility criterium for social protection schemes or subsidies.

Combining contributory and non-contributory benefits

Although formalization remains a primary pathway for the extension of contributory social protection, this should – to the extent possible – be complemented by tax-financed mechanisms. For instance, [Zambia](#), which is committed to achieving universal health care coverage, plans to extend contributory health insurance to workers in the informal economy while providing non-contributory benefits to poor and vulnerable populations. The National Health Insurance Management Authority is assessing the cost and financial sustainability of the extension while ramping up efforts to improve scheme performance, data collection and monitoring. Similar approaches have been adopted in [Kenya](#), [Nepal](#) and [Viet Nam](#).

As exemplified by a universal health and maternity protection scheme in the making in [Kenya](#) (box 5), such an approach guarantees at least a basic level of protection for workers in the informal economy by ensuring that those who can contribute to social security do so, while preventing the exclusion of low-income workers.

► Box 4. Extending health protection by combining contributory and tax-financed benefits in Kenya

In [Kenya](#), the Government made universal health care coverage a priority, in line with its national developmental blueprint, Vision 2030. Towards this aim, the National Health Insurance Fund, originally reserved for formal workers, has undertaken efforts to extend social health protection and maternity care to all people, with a priority focus on workers in the informal economy and other vulnerable groups. The National Health Insurance Fund provides voluntary coverage for workers in the informal economy and subsidized coverage for poor and vulnerable groups identified through cash transfer programmes. All women in Kenya have access to prenatal, postnatal and delivery care through the Linda Mama programme (tax-financed) that the National Health Insurance Fund operates. To increase registration among rural and informal economy workers, the National Health Insurance Fund is working to improve its operations and services based on the results of an institutional capacity assessment and a large beneficiary satisfaction survey that the ILO supported. In parallel, a new universal maternity cash benefit has been designed and costed in consultation with stakeholders and is undergoing validation. If

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adopted, this benefit will provide cash payments after birth to cushion income losses and help preserve the health of mothers and newborn babies, particularly for women working in the informal economy who otherwise are left without maternity income protection. By providing a mix of (subsidized) contributory and non-contributory benefits, the National Health Insurance Fund ensures that women and men in the informal economy have access to social health protection and maternity care.

Combining contributory and non-contributory benefits also promotes solidarity, ensures better risk-pooling and more sustainable and equitable financing for social protection systems. In **Viet Nam**, within the context of the revision of the Social Insurance Law, the introduction of a multitiered child benefit (ILO 2021a) is under consideration by national stakeholders. The multitiered child benefit will ensure universal access to child benefits for all families (tier 1) upon the birth of a child, while insurable earners could access higher levels of protection in exchange for contributions (tier 2). Similarly, a new multitiered maternity benefit, also under consideration, may provide tax-financed cash benefits for all uninsured mothers of newly born babies (tier 1) and contributory benefits for insurable earners under the voluntary system (tier 2). Currently, maternity benefits are only accessible to women registered with the compulsory scheme (about 30 per cent of the women in the labour force), leaving aside the large majority of women workers in the informal economy. The suggested benefit would make maternity protection a right for all women in Viet Nam, regardless of their employment status, thus enhancing both the efficiency and gender-sensitiveness of the system and preserving the sustainability of its financing.

Financing the extension of coverage

In recent years, increased commitment and efforts to achieve universal health care coverage, such as in **Kenya** (see box 5), **Nepal** and **Viet Nam**, have led to significant progress in both legal and effective coverage, including through the combination of non-contributory benefits and contributory social health insurance with subsidization mechanisms for low-income groups. Nevertheless, one third of the global population (84 per cent in lower-income countries) is still without health protection (ILO 2021g), and workers in the informal economy are disproportionately represented within this coverage gap (ILO forthcoming b).

Covering the missing middle to fill in the coverage gap will require the mobilization of additional and sustainable

financing for health and social policies, as well as initial investments by the government in the form of matched or subsidized contributions, among others (ILO forthcoming b; ILO 2021b). When it comes to health care coverage, it is important to explore the opportunity to raise excise taxes that can generate health benefits (WHO and IPU 2022). In turn, the extension of social insurance can reduce the fiscal burden on the domestic budget by offering a reliable and stable financing mechanism that is insulated from day-to-day fiscal pressures.

- ▶ In **Senegal**, an impact assessment of financing options for social protection (ILO 2021d), based on the ILO's [Handbook on Fiscal Space for Social Protection](#) (Ortiz et al. 2019), zeroed in on three options: (i) improving efficiency and reallocating public expenditures; (ii) increasing (progressive) tax revenues; and (iii) expanding social security coverage and contributory revenues through the progressive extension of pensions and social health insurance to workers in the informal economy and their families. Implementing these three measures with an initial investment of an additional 810 billion CFA francs (equivalent to US\$ 1.3 billion) in 2025 would reduce poverty and inequality by an estimated 7.5 per cent and 0.045 points (Gini coefficient), respectively, and promote 8.21 per cent revenue growth.
- ▶ In **Nepal**, a rapid costing assessment (ILO 2023a) of the extension of health and maternity protection, employment injury and family benefits to self-employed workers and workers in the informal economy yielded recommendations for contribution-setting at a percentage of total remuneration. This would accommodate workers' contributory capacities while providing enough resources to finance adequate benefits and for subsidization mechanisms for specific categories of workers with low contributory capacities.
- ▶ In **Kyrgyzstan**, the Government undertook a review of social protection and employment programmes to improve their accessibility by people living with disabilities – a majority of whom are in the informal economy – and enable their full participation in the labour market. A national dialogue yielded concrete options (ILO 2022) for a more disability-inclusive social protection system that rests on a combination of contributory social insurance and tax-financed benefits, including the provision of home care services and special equipment. A costing exercise followed by a review of social protection expenditures led to the reallocation of public resources for the extension of social protection benefits to people living with disabilities and inclusive employment services, such as employment support schemes and job clubs.

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Strengthening voice and participation

Strengthening the voice and participation of workers in the informal economy is crucial to ensure that social protection policies respond to their needs, capacities and circumstances as well as those of their employers. Informing workers and employers of their rights and responsibilities is often a first step (ILO 2021c), but it should result in their active and concerted participation in policymaking processes, in consideration of the heterogeneity of needs and circumstances. Beyond policy processes, the involvement of social partners in the implementation of schemes and the delivery of benefits or in awareness-raising and information-sharing promotes trust and efficacy and contributes to the organization of actors in the informal economy.

Information-sharing and awareness-raising

Informing workers and employers of their rights and obligations, such as through media campaigns, is essential for the take-up of social insurance in the informal economy and the transitions to formality, as exemplified by Colombia (box 6).

► Box 6. Informing migrant workers and returnees of their rights in Colombia

In **Colombia**, a road map was designed in 2022 to extend social protection to (largely Venezuelan) migrant workers and Colombian returnees and to promote their formalization. A lack of information on social protection constitutes one of the major barriers preventing workers' effective access to social security schemes. An awareness-raising and information campaign on social protection, called [Los Derechos También Migran](#) (Rights Also Migrate), was launched on 18 December 2022 (International Migrants Day). It targeted public transportation spaces, radio announcements and physical billboards with the aim to inform migrants and returnees of their social protection rights and the associated procedures. In an easy and comprehensive way, the campaign's website details how to access health insurance, contribute to a pension scheme and gain protection in case of illness or accident at work, and it explains the benefits that family members are entitled to. Additionally, a training facility, called *Escuela del Ave Migrante*, was created to build up the capacity of organizations that provide support to the migrant and returnee populations, thus turning them into campaign multipliers.

The #RightsAlsoMigrate campaign has achieved more than 28 million impressions through social media channels.



Official branding of the Rights Also Migrate campaign, Colombia, 2022

Targeted information-sharing and awareness-raising also has an important role in enhancing compliance with social security and labour regulations.

- In **Sri Lanka**, a public communications campaign on social protection reached 1.7 million people. It was complemented by targeted information sessions directed at service providers and informal establishments in the tourism sector, which reached 1,134 workers across nine provinces. As a result, enterprise registrations to the Sri Lanka Tourism Department Authority increased by 52 per cent.
- In **Ethiopia**, the Private Organizations' Employees Social Security Agency conducted a ten-day awareness campaign through a national television programme on Fana TV in January 2023 to inform workers in the informal economy of benefits and thus boost their participation in social insurance schemes. The number of contributors has since risen to about 2 million, from 1.65 million in 2022, although this increase cannot be solely attributed to the campaign.
- In **Nepal**, the Social Security Fund made a concentrated effort to push communications and outreach campaigns to strengthen knowledge and understanding of contribution-based social security. As a result, worker registrations in the Social Security Fund more than doubled, from the baseline of 147,643 in 2019 to 672,062 in 2023. Employer registrations also went up by 34 per cent.

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Ensuring participation in policy processes

The participation of employers' and workers' organizations as well as civil society groups, including those representing women and men in the informal economy, in policymaking and decision-making processes is essential to ensure that benefits are adequate, attractive, affordable and accessible, as shown by [Cambodia](#) (box 7).

► Box 7. Engaging social partners in social protection policy formulation in Cambodia



Workers in the informal economy present their challenges during a national forum, Phnom Penh, July 2022 © Copyright Oxfam

In [Cambodia](#), a civil society and trade union network, SP4ALL, encompasses around 30 members representing formal and informal workers, farmers, women, persons with disabilities, older persons and youth, among others. The network acts as a coordinating body for civil society groups to position on and engage in social protection policy formulation, including on extension to the informal economy and financing. For example, SP4ALL conducted joint advocacy on the extension of social protection to workers in the informal economy through a national forum (July 2022). Attended by more than 200 participants from ministries, development partners, the private sector, civil society organizations and trade unions as well as local union leaders and informal economy workers, it yielded recommendations to improve access. More recently, SP4ALL took part in a consultation process for Cambodia's new Formalization strategy. In addition, the network has representatives in development partners' coordinating bodies on social assistance, employment-based social security and social health protection, all of which are newly established by the National Social Protection Council and enable direct consultation on policy formulation.

Participation and adequate representation also help promote more inclusive policies by taking into consideration the specific needs of workers who are subject to greater vulnerability, such as women and people living with disabilities. In [Viet Nam](#), where only 16 per cent of women aged 65 or older receive a social insurance pension, compared with 27.3 per cent of men (ILO 2021a), the Vietnam Women's Union took part in the formulation of recommendations to address gender gaps in coverage and benefit levels. Based on the evidence generated, more than 40 staff members of the Women's Union were then trained to advocate for gender-responsive social protection and participate in policy dialogues on social protection at the national and subnational levels.

Strengthening workers' and employers' organizations

Beyond their involvement in policy formulation, workers' and employers' organizations can take on a precious role in facilitating their members' access to benefits. In particular, they can act as an interface for registration and contribution collection, thereby reducing the administrative burden for workers, as in [Senegal](#) (box 8). In return, this helps them improve their service offering and expand their membership base, which effectively contributes to their consolidation.

For instance, in [Uganda](#), a study on barriers to compliance was conducted with members of the Federation of Uganda Employers. Based on this study and through collaboration with the National Social Security Fund, a strategic plan is now being developed to drive overall improvements in compliance in the formal sector.

► Box 8. Leveraging workers' organizations in Senegal

In [Senegal](#), the Simplified Scheme for Small Contributors (Régime Simplifié des Petits Contribuables) is delivered through social mutualities, particularly the Mutuelle Nationale des Artisans. Professional organizations, including trade associations, unions and producers' cooperatives, have an important role in its implementation across the country's 14 regions by acting as an interface between workers and the Mutuelle Nationale des Artisans. They facilitate the registration of their members and their obtaining a social security card and help with the calculation and collection of their contributions. This relieves workers, especially those with limited literacy and numeracy, from an otherwise heavy administrative burden.

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Professional organizations were capacitated (by the Mutuelle Nationale des Artisans and the Ministry of Labour) to provide information to their members on benefits and procedures prior to engaging in a national communications campaign designed to accompany the launch of the scheme. The advantage of this approach was that it built on the natural organization of informal economy workers around their trade associations, capitalized on the cooperative reflex and leveraged the trust already acquired by these organizations among workers.

Professional organizations, including those representing workers in the informal economy, may also help raise awareness on social protection by providing information to their members on rights, responsibilities and procedures. For instance, in [Côte d'Ivoire](#), the Inter-Union Committee for the Transition to the Formal Economy, which brings together the country's five main trade unions, conducted a series of

awareness-raising sessions on affiliation with the universal health care coverage scheme for vendors in Abidjan's markets. An impact assessment conducted six months later found that 48 per cent of the vendors had registered in the scheme, of whom a majority (70 per cent) were women. This approach, which leveraged existing trust and peer networks, helped overcome the distrust towards public institutions that often deters workers from registering.

In times of crisis, workers' organizations can also provide an interface for the provision of relief or benefits to their members. In [Cambodia](#), in response to the COVID-19 crisis, access to the Government-financed Health Equity Fund, which provides health services for vulnerable populations, was temporarily extended to 90,000 informal economy workers, whose registration was facilitated by their associations. This successful experience was replicated to facilitate the registration of tuk-tuk (taxi) drivers in the social security scheme as a pilot of a more sustainable extension of coverage to workers in the informal economy.

Conclusion

In the aftermath of the COVID-19 pandemic, it has become more important than ever to help populations – particularly those in the informal economy – face intensifying life and socio-economic risks and shocks that are compounded by emerging crises, including the climate crisis and the cost-of-living crises.

The COVID-19 pandemic period saw many governments prioritize social protection in their immediate responses as well as stimulus packages for the recovery (ILO 2021g). This underlines the importance of increasing social protection coverage to promote a human-centred recovery and the crucial role of the State in providing social protection benefits and services.

This awareness helped trigger the United Nations Secretary-General's launch of the Global Accelerator on Jobs and Social Protection for Just Transitions to support countries technically, financially and politically to create 400 million jobs in the green, care and digital economies, to develop national social protection systems that will provide adequate protection to the 4 billion people without coverage and to facilitate "just transitions" that will enable the structural transformation of the economy and society (decarbonization, digitalization and formalization).

It has been argued that contributory social protection (social insurance) is not compatible with the realities of informal employment and changing labour patterns towards heightened labour mobility and increasingly diverse forms of work (World Bank 2018). In addition, traditional mechanisms have sometimes been found to perpetuate or exacerbate underlying gender inequalities in access to social protection among informal workers (UNICEF, ILO and WIEGO 2021).

Although much work still needs to be done to achieve universal coverage, the successful experiences presented in this brief offer evidence of progress towards the extension of social protection, particularly social insurance, to workers in the informal economy. They demonstrate an appetite for such mechanisms by workers who lack protection. They also highlight the ways in which family-friendly policies and gender-responsive social protection schemes can address gender imbalances and promote women's access to social security, thereby enabling their fuller economic and social life participation and their transition to the formal economy (ILO forthcoming a). These experiences provide a blueprint for future interventions towards universal, comprehensive and adequate coverage for workers in all types of employment.

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