



ILO/Japan
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Programme



Providing income security and active labour market policies for the informal economy

ILO's perspective and learning from existing experiences



Ho Chi Minh City, 22 March 2012

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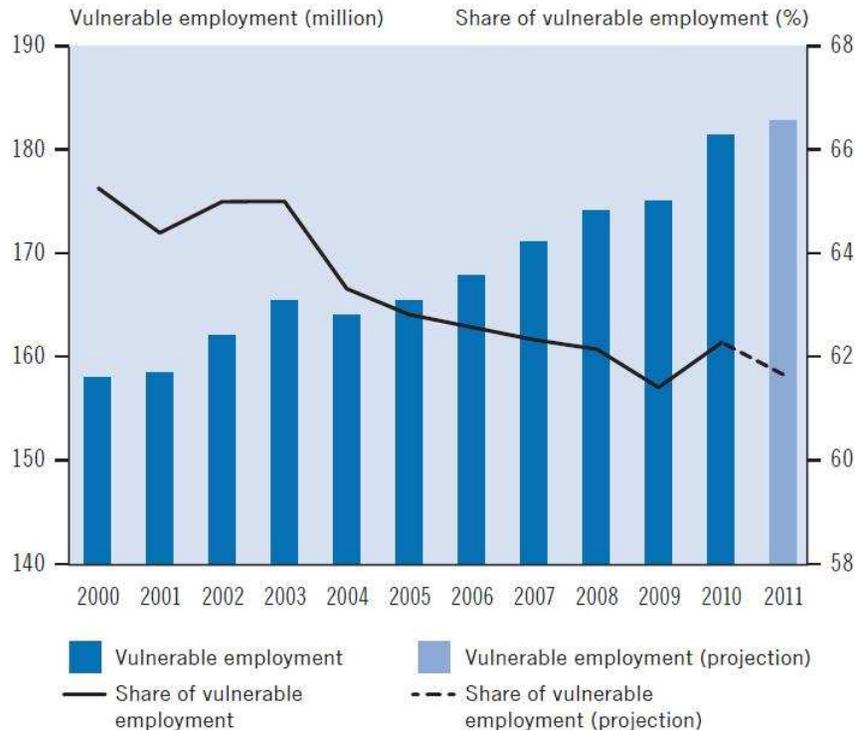
Structure of the presentation

- ❑ A major challenge: informal economy
- ❑ Defining our target
- ❑ Which approach?
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A major common challenge in ASEAN: informal economy



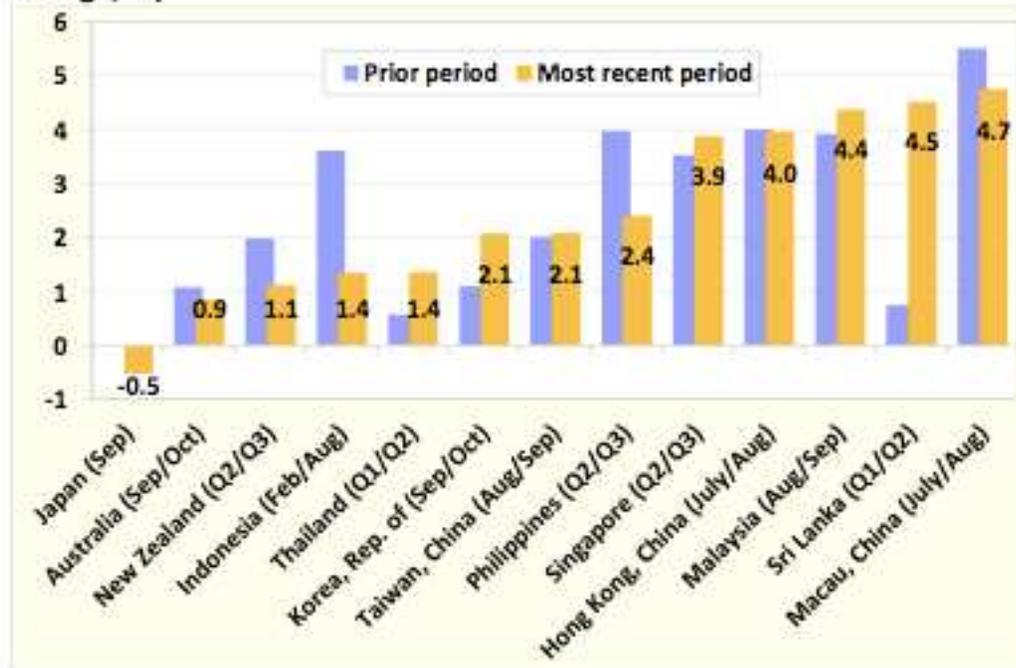
Fact 1: The proportion of vulnerable employment in total employment, previously high, increased with the crisis.

In 2010, an increase of 6.2 million from 2009 level (181 million people today)

Source: ILO Global Employment Trends, 2012

A major common challenge in ASEAN: informal economy

Figure 2: Employment, most recent and prior periods 2011 (12-month change, %)



Note: Ages 15+, except Macau, China (ages 16+) and Sri Lanka (ages 10+); Sri Lanka excludes Northern province. Periods in parentheses represent prior period followed by most recent period.

Source: ILO: Laborsta; National statistical offices.

Fact 2: During the recovery, most jobs created are low quality jobs

Ex: In Thailand, decrease of the level of formal wage earners while the number of own-account and contributing family workers increased by 4.5%.

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Few definitions...

- **Informal employment** comprises:
 - ❖ Own-account workers and employers employed in their own informal sector enterprises,
 - ❖ Contributing family workers,
 - ❖ Employees holding informal jobs whether in the formal or informal sector,
 - ❖ Paid domestic workers,
 - ❖ Own-account workers engaged in the production of goods exclusively for own final use by their household (e.g. farmers, fishermen, and so on)

We often refer these workers as:

- **Vulnerable employment** is defined as the sum of own-account workers and contributing family workers

Under informal employment, we also find:

- **Underemployment** is usually defined as an employment situation where workers are employed but not in the capacity they desire, e.g. in terms of compensation, hours or work, skills level and experience
- **Working poor** are persons living with their family with less than US\$2 a day

And we should not forget:

- **New entrants** are persons seeking work who have never been, or have ceased to work



Target: informal employment

- Street vendors, Domestic workers, Farmers, Home-based workers ...
 - Evolve in an economy which has low entry and exit costs
 - Vulnerable, underemployed and working poor rather than unemployed
- structural rather conjunctural: *“workers cannot afford to be jobless”*
- Low and irregular income (no minimum wage)
 - Lack of decent working conditions
 - Low skills and low productivity
 - No protection in case of loss of income because of “contingencies” (sickness, work injury, loss of equipment...)
- Limited risk taking (limited economic investment)

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How to ensure income support to those in active age groups who do not earn sufficient and regular income?

The long-term solution relies on :

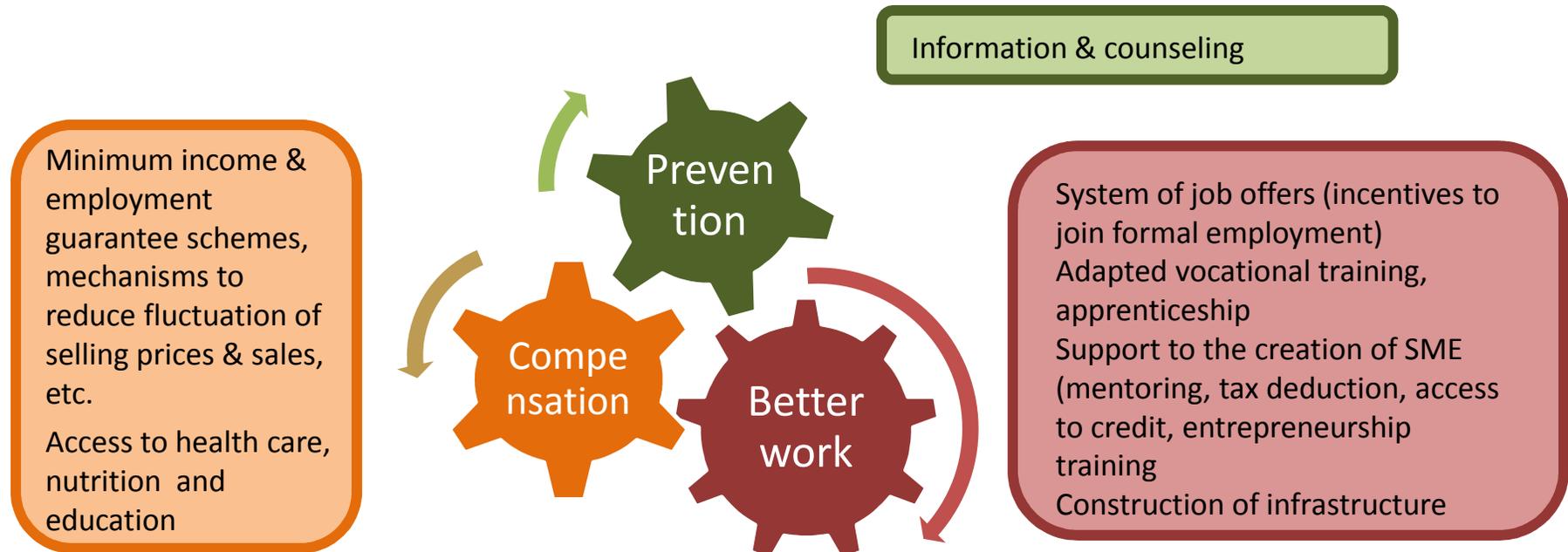
- Sustainable & decent employment-generating policies

However, need for

Adapted income support measures & ALMPs

= **Guarantee 3 of Social Protection Floor (SPF)**

How to make it a reality for workers in the informal economy?



- For self-employed, agriculture workers, daily workers
 - An integrated approach is as well relevant
 - Requires innovative measures
 - Requires **case management** targeting not only the working age persons but the whole family (ex of Chile)

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France: Universal Services Employment Vouchers

A payment modality for all individuals, employers to remunerate his/her workers.

In France, mainly used for individual services.



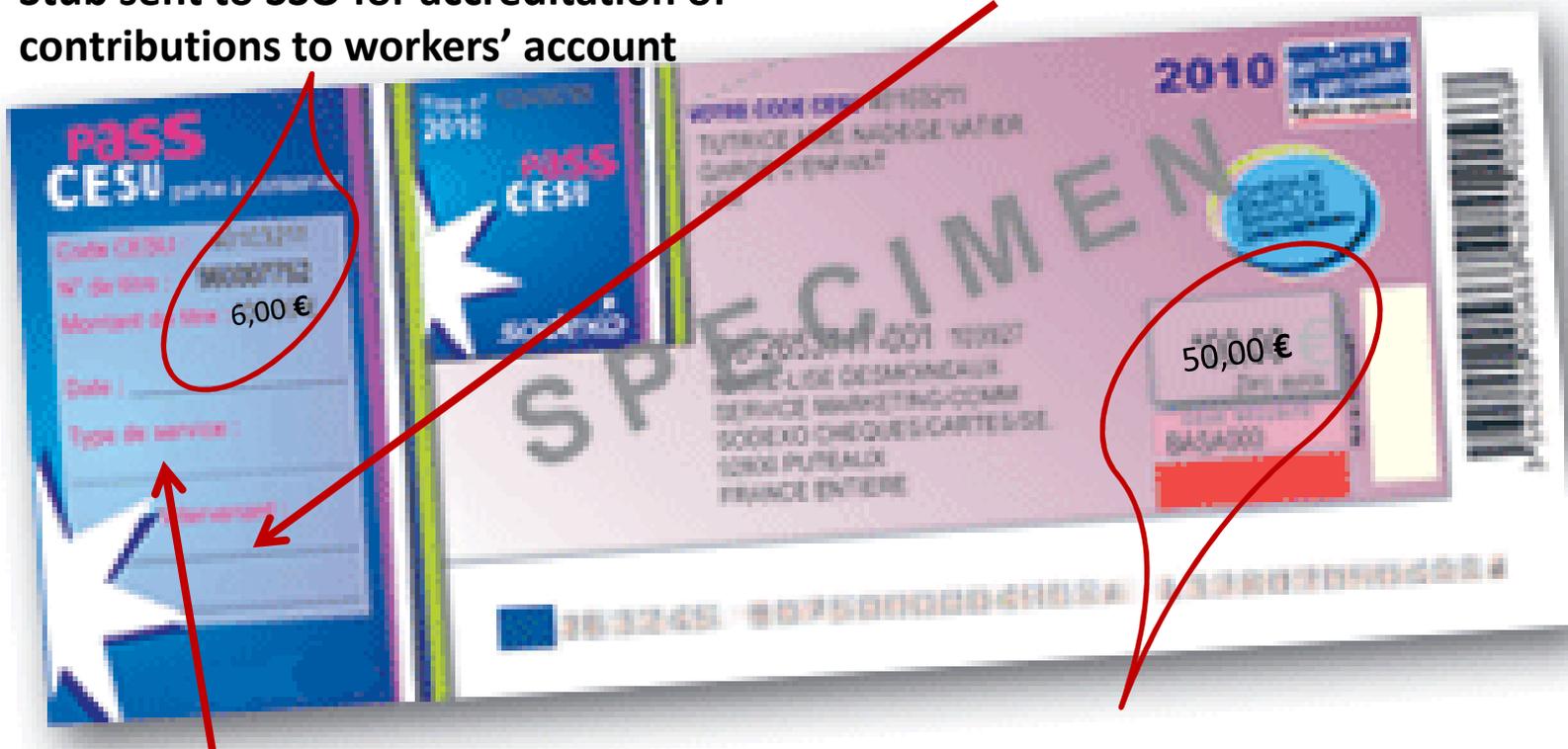
Can be extend to the any type of work/services carried out without a signed labour contract.



Easy to use...

Employers and workers' contributions.
Stub sent to SSO for accreditation of
contributions to workers' account

Signed by workers
and employers



Name & SS No. of the
worker written by
employer

Net wage.
Voucher can be exchanged at Post office
and banks against cash



Multiple benefits for all parties

- A way to increase workers' protection and access to social benefits
- A way to personalize domestic/care services
- A way to simplify the procedures to declare workers
- A way to save money: tax-deductible for employers
- A way to “formalize” the informal

Protecting seasonal work and the farmers

The warehouse receipt system, a mechanism to increase farmers' incomes

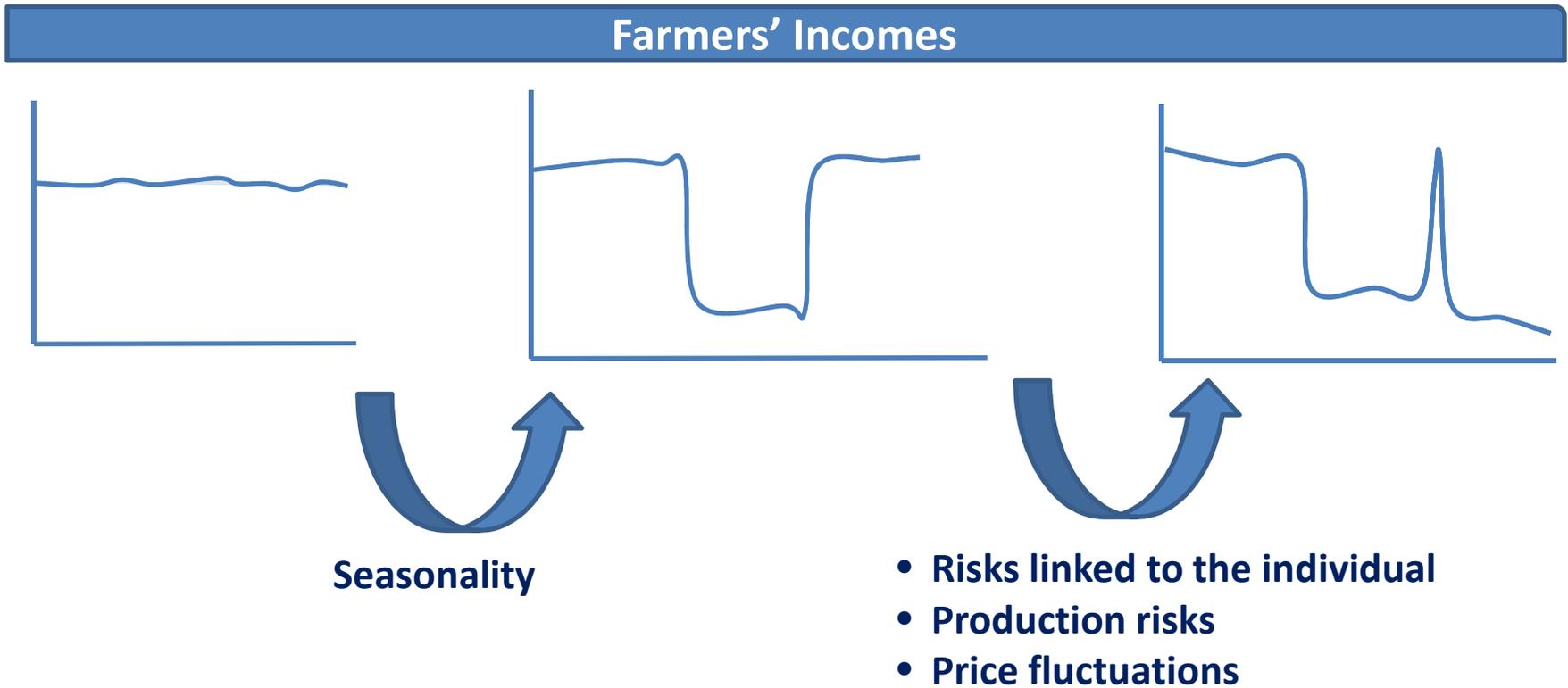


Credit: IFAD/M. Millinga



Why is income security essential for farmers?

Farmers face a variety of risks that make their incomes unstable and unpredictable from year to year.

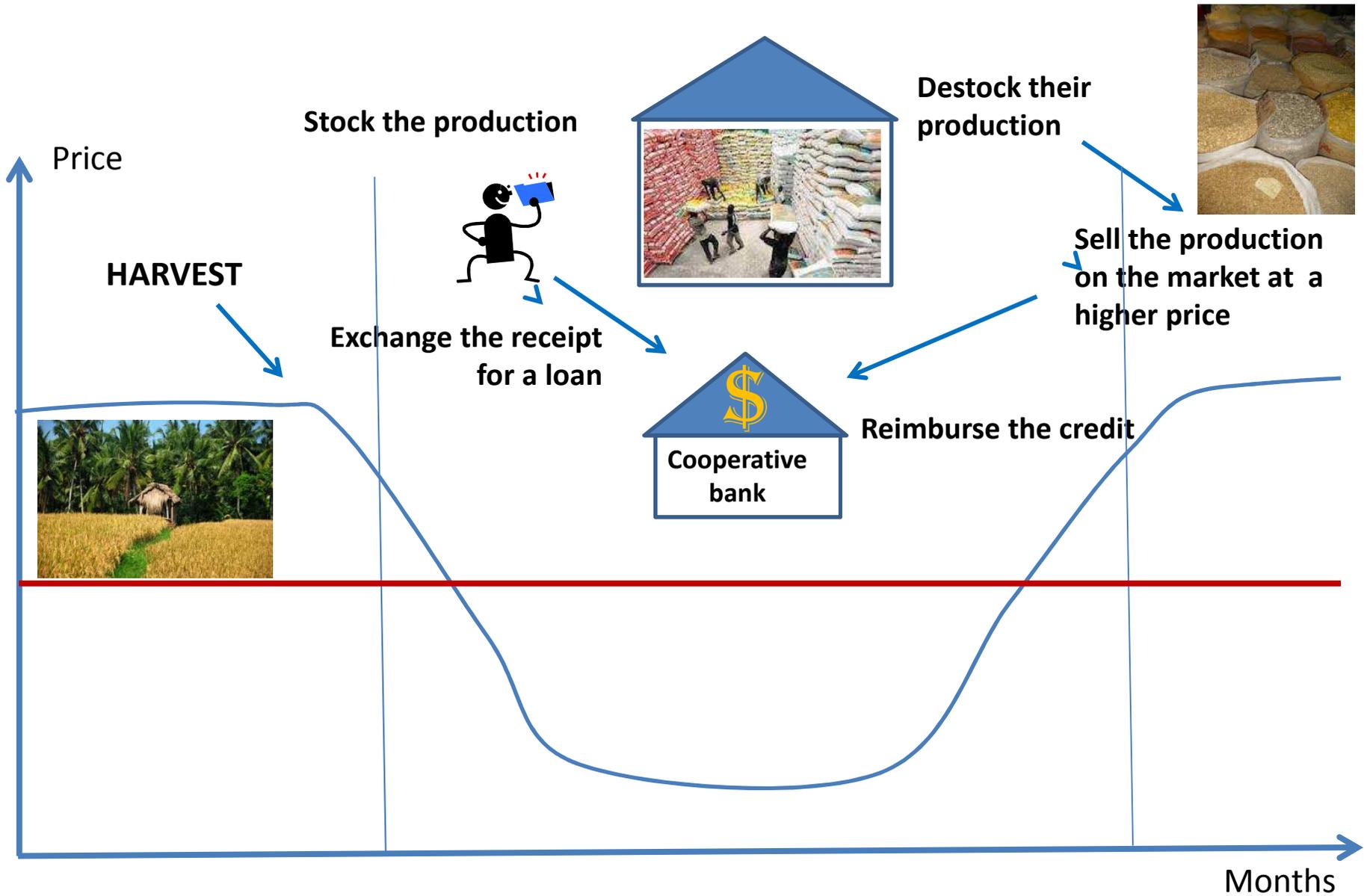


How can we ensure income security for farmers?

The warehouse receipt system , a mechanism to protect against seasonality and price fluctuations.

- Problem: Most farmers have to sell their production just after the harvest when the price of the crop is usually very low.
 - Need for cash
 - No place to store their production
 - ➔ Farmers' incomes highly dependent on price fluctuations
- The Warehouse receipt system
 - Implemented in Tanzania through the AMSDP (Agricultural Marketing Systems Development Programme)
 - Objectives:
 - Increase farmers' revenue by enabling them to sell their production when prices are higher
 - Give them access to credit

How does it work?





Youth unemployment benefits in Bahrain

- Income support for first time jobseekers (> 18 years old)
- **Aid benefits:** for holders of academic qualifications (USD 345 per month), for 6 months maximum
- Access to Employment Services Bureau
- Access to vocational training (Bahrain Training Institute)