

Delinking and Rethinking Social Protection for Women in Informal Employment?

Perspectives from Latin America

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Women in informal employment are disproportionately excluded from social protection—be it in terms of health coverage, unemployment benefits, maternity leave, child allowances or old-age pensions. Some of the causes of this exclusion are related to the informality of their jobs, but they are exacerbated by gender-specific risks and constraints. We know, for example, that in many countries informal workers are legally excluded from social protection schemes; low overall earnings translate into low capacity to save and/or contribute to social insurance schemes; and difficult and hazardous working conditions often exacerbate health and safety risks for informal workers.

For women informal workers exclusion from social protection is the result of both informality and the multiple gender biases, norms, power relations they are subject to in their homes, workplaces and communities. The widespread **legal exclusion** of domestic workers from formal social protection schemes, including unemployment and maternity protection, for example, has everything to do with gendered conceptions of what constitutes ‘real’ work that is worthy of legal regulation and social protection. Similar conceptions about what kinds of work are appropriate for women and men and the value that is attached to them also shape patterns of **occupational segregation** within the informal economy itself where women are concentrated at the bottom of the famous WIEGO earnings pyramid (as unpaid family workers and home-based industrial out-workers), while men are more likely to dominate at the top (as informal employers or regular informal wage workers).

The **gender division of labor in the home**—in particular the disproportionate responsibility placed on women for doing household-related chores and looking after children and other dependents—confines women to more intermittent and informal jobs which compromises their earnings capacity and their access to social protection. In fact, women in informal employment often cite family responsibilities as one of the reasons for being in this type of work—because it offers greater ‘flexibility’ though this flexibility often comes at the price of lower productivity, higher stress levels and potential risks to the wellbeing of both women and the dependent they look after while also trying to get their work done.

De-linking and rethinking social protection for women in informal employment

All of this means that classical social security schemes—which were designed to work for uninterrupted work trajectories in formal employment—have not worked well for women (in general), informal workers (in general) and women in informal employment (in particular). In Latin America, only 4 out of 10 ten older adults have a contributory pension, for example (i.e. one that is linked to previous payroll contributions).¹ Virtually everywhere women are overrepresented among the excluded. In a number of countries, including the Dominican Republic and El Salvador, women’s old-age coverage is less than half of the already low coverage of men.² Does this mean that de-linking social protection from employment-based contributory systems is the answer? As so often, the answer is ‘it depends’ and I want to illustrate

¹ Bosch, M., A. Melguizo and C. Pagés. 2013. Better pensions better jobs: towards universal coverage in Latin America and the Caribbean. Inter-American Development Bank, Washington DC.

² UN Women. 2015. *Progress of the World’s Women: Transforming Economies, Realizing Rights*. UN Women, New York.

this with some reflections based on key developments in social protection in Latin America over the past one and a half decades.

From isolated transfers versus integrated social protection systems

If de-linking is presented as an alternative to all contributory forms of social protection, then the answer is clearly no. This would not only risk eroding benefits that many workers currently rely on, but also let employers—who are meant to pay their fair share into social security systems—off the hook. The answer is also no, if de-linking takes the form of fairly isolated and narrowly targeted cash transfers based on means-testing and attached to conditionalities for their recipients. The risk that women in informal employment fall through the cracks in this case is high because they may not be considered ‘poor enough’ to qualify. They may also be burdened with the fulfilment of additional requirements, such as taking children to regular check-ups at health care centers that are difficult to reach, where opening hours are out of sync with their working hours, or where waiting times are extensive, meaning that they run the risk of either losing their entitlement or valuable time that they could otherwise spend earning an income. These are the main criticism leveled at conditional cash transfer programs by gender equality advocates in the early 2000s when these programs started spreading, first across Latin America and from there to virtually every other region of the world.³

But much has happened in Latin America (and elsewhere) since these transfers were first introduced—including serious efforts to build integrated social protection systems that combine contributory (i.e. linked) and non-contributory (i.e. de-linked) elements in a way that enhances the income security of all—independent of whether they work in formal or informal employment and indeed of whether they work at all. These efforts have been insufficient and uneven across countries and they have begun to stall against the economic downturn that has affected the region over the last three or four years.⁴ The fiscal pressures brought about by the recent recession are further exacerbated by political shifts that have undermined top-down commitment to universal social protection in some of the countries that had hitherto made important progress on this front.

However, in many countries in the region the aspiration to move towards universal social protection systems and the policies that were implemented to achieve this have benefited women, including women in informal employment. Across the region, women in informal employment struggle to gain access to health, old-age pensions or maternity benefits, because these have historically been linked to regular social security contributions in the context of formal employer-worker relationships. Some countries in the region have made efforts to **bring informal workers under the coverage of existing contributory schemes** (essentially keeping the link).

This has worked to *some* extent in *some* countries and for *some* groups of informal workers. The case of Uruguay is illustrative. Here, the rates of domestic workers who are covered for health, pensions, unemployment and maternity leave —through mandatory payroll contributions by their employers—rose from 27 to 67 per cent between 2004 and 2014.⁵ This has been achieved through a combination of legal reforms accompanied by awareness-raising, incentives and enforcement in an exceptionally

³ See, for example, Molyneux, M. 2006. “Mothers at the Service of the New Poverty Agenda: Progres/Oportunidades, Mexico’s Conditional Transfer Programme.” *Social Policy and Administration*, 40(4), 425-449.

⁴ UN Women. 2017. *El Progreso de las Mujeres en América Latina y el Caribe 2017: Transformar las Economías para Realizar los Derechos*. UN Women, Panama City.

⁵ Cortés, R. 2016. “El trabajo doméstico en América Latina. Empleo, ingresos y derechos laborales.” *Tendencias en Foco* 34. RedEtis, IPE y UNESCO, Buenos Aires; Meier, K. 2010. *From ‘good spirit’ to employee? Strengthening Domestic Workers’ Employment Rights in Latin America*. Friedrich-Ebert Stiftung, Department for Latin America and the Caribbean, Berlin.

enabling economic and political environment. The SIMPLES scheme in Brazil is another positive story where incentives for informal enterprises to formalize their activities have not only linked those enterprises to the tax system, but also brought their workers under social security coverage. But such success stories are, unfortunately, not very widespread in the region.

Overall, the incorporation of informal workers into contributory schemes seems to have worked better in countries that already had fairly high levels of social security coverage (Costa Rica and Uruguay, and to a lesser extent Argentina, Brazil and Chile). In countries with low overall contributory social security coverage, such as Mexico and Paraguay for example, the rates of domestic workers who contribute have risen very slowly and remained under 3 per cent in 2014. It has also been more likely to succeed for informal *wage* workers, such as temporary agricultural workers, domestic workers or workers in informal enterprises where employers can be obliged or incentivized to contribute their share. Finally, it has worked for a *segment* of the self-employed, i.e. those who have more regular and higher average earnings and can hence afford to contribute to social security.

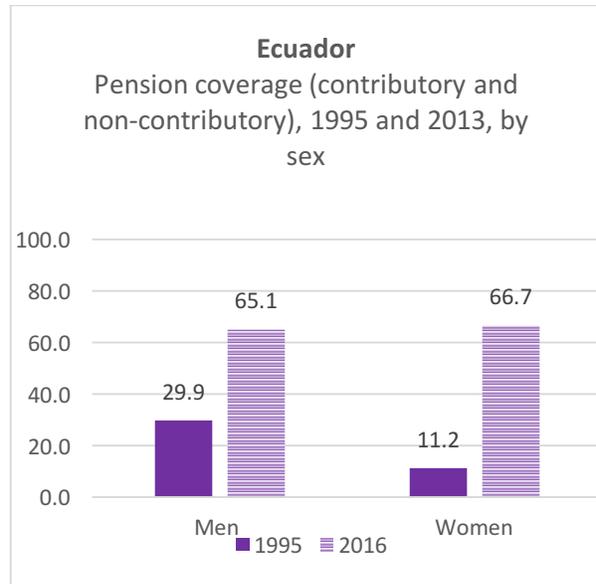
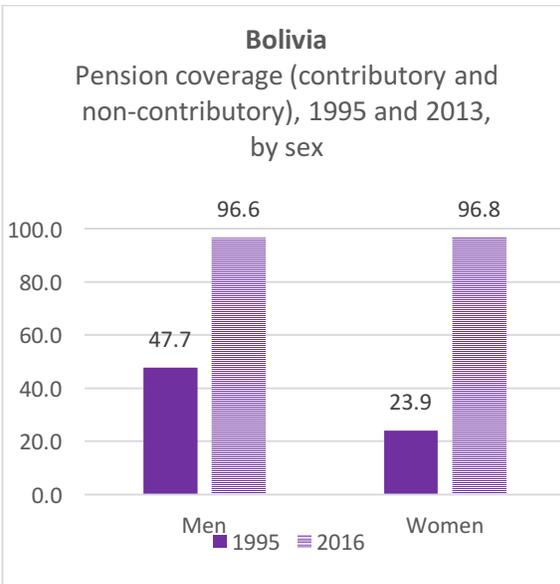
Waste pickers, street vendors and home workers are unlikely to be part of this group. These workers have likely *never* been linked to employment-based social security systems and are unlikely to ever be linked by way of regular contributions. The main reason for this is not unwillingness or lack of information. It is simply their labor market earnings are too low and too intermittent to establish a stable link with social security schemes that hinge on regular contributions—and that, in some cases, there is no clearly identifiable employer who could be obliged to pay their fair share, even if the political will for doing this existed.

This is why ***expanding access to social protection that is more independent from labor market trajectories and contribution histories*** (so loosening or breaking the link) is so important, particularly for those informal workers who are at the bottom of the informal employment pyramid which is where women are overrepresented. In Latin America, the percentage of women who are able to fund their old age with a contributory pension is substantially lower than that of men. In countries like Bolivia, the Dominican Republic, and Mexico, the percentage of men over the age of 65 receiving a *contributory* pension is double that of women.⁶

In this context, the expansion of non-contributory social pension in Latin America has not only boosted pension coverage overall but also significantly reduced the gender gap in pension coverage. Over the past two decades, at least 15 countries in the region introduced new non-contributory pension programs or expanded existing ones to reach a wider population. Take Bolivia and Ecuador, two countries where overall coverage was very low in the mid-1990s (35 and 22 per cent of older people had access to a pension in 1995). By 2013, this had gone up to 96 and 66 per cent respectively and gender gaps had practically disappeared. In several countries in the region non-contributory benefits now reach more people than contributory pensions.⁷

⁶ Ibid.

⁷ Rofman, R., I. Apella and E. Vezza. 2013. Más allá de las Pensiones Contributivas: Catorce experiencias en América Latina, Buenos Aires: Banco Mundial.



Source: Own elaboration based on data from The Labor Markets and Social Security Information System (The SIMS), Inter-American Development Bank.

The main take-away from this is pretty clear, and very much in line with WIEGO's long-standing approach to social protection: that solutions need to be tailored to the specific needs and capacities of different groups of informal workers; what works for some will not necessarily work for others. The main challenge for Latin America has been to stitch these different solutions together into a coherent whole that moves towards universal coverage and gradually overcomes the stark inequalities in access to social protection both among different groups of workers and among women and men.

From de-linking to rethinking social protection

The second thing I would like people to take away from this session is that social protection systems that work for women in informal employment do not only require *delinking*. They require a more thorough and radical *rethinking*—a rethinking that I believe is already well under way in WIEGO's own social protection work.

One of the main aims of social protection—as defined, for example, by the ILO's social protection floor recommendation—is to guarantee basic *income security* to all, whatever their employment trajectories or capacity to contribute to social insurance schemes. They should have a pension, when they can no longer work; they should have health care when they get sick; and they should receive maternity benefits to be able to stop working before and after childbirth. What is not often explicitly recognized in mainstream social protection frameworks is that ***the income security of women, including those in informal employment is significantly compromised by their unpaid care responsibilities***. Labor market earnings are their main source of income and they get less of those because they don't have access to affordable and reliable services that would alleviate their burden when it comes to caring for ageing parents, sick relatives of small children on an ongoing basis.⁸

⁸ UN Women. 2015. *Progress of the World's Women: Transforming Economies, Realizing Rights*. UN Women, New York; Alfery, L. 2016. 'Our Children do not get the attention they deserve': A synthesis of research findings on women informal workers and child care from six membership-based organizations. WIEGO Research Report, Cambridge/Manchester.

This is also an area where much can be learned from Latin America which among developing regions has been at the forefront in debates around unpaid care and domestic work and also seen very important developments in the area of childcare services. Alongside efforts to expand social protection, the **coverage of care services for children of pre-school age** also increased significantly between 2000 and 2010. In Ecuador, for example, the enrolment of children aged 0 to 3 years grew from less than 5% to over 20%. In Brazil and Chile, which had enrolment rates of 12% and 11% respectively in 2002, this had increased to 21% and 26% by 2010.⁹ Much of this expansion was state-led, that is, accompanied by significant fiscal investments, and important (albeit insufficient) efforts to improve service quality as well as the working conditions of staff. Nevertheless, significant gaps in cover remain and services are not necessarily aligned with the needs of working parents. The majority of services are offered on a half-day basis, for example.

Some informal worker organizations have taken childcare matters in their own hands, advocating for or offering services that are better attuned to the needs of their constituency.¹⁰ This is extremely important and also shows that WIEGO has rightly recognized childcare as a strategic area of engagement, one that is gaining momentum and where it can contribute to make a real difference by highlighting the specific needs of women in informal employment.

Implications for WIEGO

The two points above raise a number of concerns and challenges for WIEGO's research and advocacy on social protection.

- 1) It highlights the urgent need for context- and status-specific research and analysis of social protection systems. What works for which groups of workers? What types of informal workers can be meaningfully linked to contributory social protection schemes? What might be gained and lost for informal workers by delinking in different contexts?
- 2) Further research is needed to deepen the understanding of the relation between informal employment, care/reproductive work and public policy in the lives of women in informal employment. How does one type of work affect the other? How well do social protection (and other policies, such as urban planning) respond to the multiple roles and struggles of women in informal employment? What are potential functional equivalents to classical social protection schemes for women in informal employment? It is this kind of rethinking that WIEGO is widely recognized for and particular good at.
- 3) In terms of social protection advocacy for women in informal employment, one of the key challenges is to adopt a *systemic* perspective without losing the focus on informal workers. The most effective and sustainable policy solutions may not necessarily be the ones that are targeted specifically at informal workers, but those that are aimed at creating universal systems with a broad-based constituency who can be brought into sustaining services and benefits financially (through progressive taxation or cross-subsidies) and politically (through mobilization and claims-making). This means that the policy debates that WIEGO may want to engage in are not necessarily *about* informal workers, but about recognition and redistribution more broadly which require strong alliances for universal social protection systems that are financially and politically sustainable.

⁹ UN Women. 2017, op. cit.

¹⁰ Moussie, R. 2017. 'Women Informal Workers Mobilizing for Childcare.' WIEGO Childcare Initiative.