

Social Protection for Informal Workers: Trends and Changes

Registration mechanisms to expand social protection for informal workers: Lessons from Latin America

Registration is an essential tool to expand social protection to informal workers. Furthermore, the previous existence of robust and encompassing social registries provided some countries with a great advantage when the COVID-19 crisis hit and triggered new demands from social protection systems, so they could deliver benefits more quickly and efficiently. In this brief, we will look at experiences of registration mechanisms which have worked for informal workers in five countries: Argentina, Brazil, Costa Rica, Colombia and Dominican Republic.

Argentina and Costa Rica: online registration system for domestic workers to simplify processes

In **Argentina**, the government has introduced a simplified online registration system for domestic workers. The system involves multiple governmental agencies, including the tax authority; the *Administración Federal de Ingresos Públicos* (AFIP), the Federal Administration of Public Revenues and, especially, the National Social Security Administration (ANSES). Through the *Aseguradora de Riesgos del Trabajo* (ART), the Labor Risks Insurance Companies' online registration system, and ANSES, the worker receives social security, retirement, holidays, Christmas bonuses and healthcare for work-related injuries. Employers of domestic workers must register each domestic worker with the relevant information using their tax-identification number, including current domestic work employment relationships, as well as the hiring and dismissal of staff.

Employers have four choices to proceed with the domestic worker registration: 1) through AFIP's webpage, 2) through online banking, 3) through a toll-free telephone, and 4) through AFIP's dedicated mobile app. The possibility of multiple channels for the employers to register the workers facilitates compliance and improves the quality of the data in the AFIP databases. The computer application generates an employment certificate for the worker, payslips, and the electronic payment receipt of contributions via online banking.



Home page screenshot from the Argentina registration system

Costa Rica also developed a system to simplify registration of domestic workers in August 2017. This reform also implied a reduction of employer contribution, as an incentive to increase compliance. In exchange, the employer should provide information about the worker and should disclose his bank account number to make the contributions automatically. As for the registration, the innovation here is that the entire process could be done online, without the need of assistance or intervention of any civil servant. The registration system also accounted for domestic workers who had more than one employer, and each employer would have to register and have to contribute proportionally.

From the moment the employer registers the domestic worker, she is automatically entitled to all healthcare services, as well as maternity leave and pensions. This allowed them to simplify the procedure, by only requiring forms and not asking for documents. The change was very well received by employers. About two-thirds of new registrations in the first six months of the new system (2017-2018) were online, and the rest were done in person.

Leveraging databases to reach informal workers: the strategy in Brazil

Created in 2003 in **Brazil**, the Cadastro Único (CadÚnico or Single Registry) is a large social database for the low-income population that records information such as characteristics of the household, identification of each person, education, and work situation and income. The low-income families are registered into the CadÚnico database through household visits carried out by the municipalities. Eligible families can also register at Social Assistance Reference Centres, by bringing basic identity documents. In order to be considered a “low income” family, the household members must not earn more than half the minimum wage per capita (R\$ 550 or US\$ 100) or more than three times the minimum wage (R\$ 3,300 or US\$ 600) in total. This threshold encompasses a large share of the Brazilian population, and large shares of informal workers. In total, 73.4 million people are registered in the CadÚnico, which is just over one-third of the entire Brazilian population.

The CadÚnico has become the main instrument of the Brazilian State for the selection and inclusion of low-income families in federal programmes, being compulsorily used for the granting of benefits under the Bolsa Família Programme, the Social Tariff for Electricity, and the Minha Casa, Minha Vida Programme (housing), among others. The CadÚnico database can also be used for the selection of beneficiaries for programmes offered by subnational governments. It therefore functions as a gateway for families to access various public social benefits.

The existence of such a powerful and consolidated database was key for one of the largest emergency cash-grant programmes in the world to address the economic impact of the COVID-19 pandemic in Brazil in 2020. The so-called “emergency assistance” grant targeted low-income workers, and was designed explicitly to benefit informal workers, usually excluded from targeted governmental programmes. The existence of the CadÚnico enabled broader registration for those who were not in that social registry, in a second phase.

The CadÚnico allowed 51.3 million people registered in its database to receive in a very efficient and rapid way the R\$ 600 benefit, or US\$ 110, for five months (later R\$ 300 for four months). One limitation of this database is that, although it includes many informal workers, it does not include them all. If, on the one hand, the pandemic has shown the value of having social registration in place when a shock hits, it also shows that it is important to include informal workers who might not make the income threshold for the ordinary social assistance benefits.

Collective registration: Costa Rica, Colombia and Dominican Republic

Another approach to promote the registration of informal workers is through collective registration. This approach enables independent workers grouped into independent organizations, such as producers’ associations or cooperatives, to enter into collective or group insurance agreements with a social insurance scheme. This facilitates the registration of workers who are organization members to deliver the benefits granted by social security.

This mechanism has been implemented successfully in particular in rural areas, especially among organized self-employed workers in the agricultural sector. In this approach, the workers' organization is in charge of grouping the workers by signing an agreement detailing the work that it will undertake. The organization works together with the state institution responsible for the management of social security. This creates a contribution declaration documentation, in order to collect previously negotiated contributions from insured workers. Contributions received are then transferred to the social insurance institution by the same organization.

In **Costa Rica**, own-account workers, including farmers, have been able to group into organizations and enter collective insurance agreements with social insurance since 1984. For registration, the organization files an application with the social insurance, together with documentation proving its legal status and associate number. After the organization is accredited, the negotiation procedure begins. Only own-account workers and those performing activities consistent with the nature of the organization may participate.

This mechanism implemented in Costa Rica contributed to a coverage rate for independent workers of 60 per cent in health insurance and 44.8 per cent in pensions insurance in the year 2009. Besides improving access to social insurance schemes, the collective registration represents a tool for strengthening social cohesion and organizational and political capacity for farmers organized into cooperatives and associations.

In **Colombia**, registration can be done through cooperatives and workers' organizations, through which independent workers may access social security system services as associate workers. The Colombian Government determines who these "Intermediary Entities for Collective Affiliation" may be, in order to avoid fraud or evasion of labour regulations. Such organizations undertake before the National Health Superintendence all obligations and rights usually undertaken by employers. These intermediary entities are in charge of carrying out the necessary steps before 1) the labour risk administrators (labour risk); 2) the health care providers (health); and 3) the pension funds and/or family compensation funds (old age).

Collective affiliation is defined as a mechanism through which self-employed workers voluntarily join the Health and Social Security and Protection System. The workers make contributions to the system according to their monthly income in their contracts, through an intermediary, which may be an association, union or religious community. This mechanism in part accounts for a 27.5 per cent coverage rate in health and 13.1 per cent in pensions in Colombia.

The Collective Affiliation to the Social Security and Protection System in Colombia, however, has some limitations. Although it was designed for self-employed workers, it does not necessarily include all workers in informal employment. Very few waste-picker cooperatives have decided to join this scheme, as it is very bureaucratic and demanding in terms of contribution – so workers turn to the non-contributory scheme instead. The second critique is that, ultimately, the scheme is dependent on an individual contribution – there is no subsidy from the state, so workers have to bear the cost themselves. Furthermore, under the Colombian social protection system, although the outreach increased, this scheme provides only minimal health and pension coverage. As this entails a less robust protection, during the pandemic, many employers used this modality to decrease labour and social protection contributions.

Another case of collective registration is the one from Amussol, a workers' mutual from **Dominican Republic**. The mutual was created in 2005 by the CASC¹ trade union, with support from three Belgium civil society organizations.² The goal of this mutual was to ensure the coverage of social protection to informal workers. The innovative aspect of this scheme is that the way they achieve this goal is not by the direct provision of services, but rather by serving as a channel to effectively include informal workers in the public social protection system.

¹ Confederación Autónoma de Sindicato Clasista (Autonomous Confederation of Class-based Labour Union)

² World Solidarity (WSM), Confederation of Christian Trade Unions (ACV/CSC) and Christian Mutuality

The mutual serves as a “virtual employer” and its main service is to provide a way for the worker to register in the system. The informal workers contribute 21.4 per cent, plus an additional one per cent for administrative costs of the mutual. Amussol then transfers the contribution to the SDSS (Dominican System of Social Security, Sistema Dominicano de Seguridad Social). In return, the SDSS registers the informal worker as a beneficiary of the system, entitled to the same coverage of the contributory scheme, just as if he had a formal employer.³

However, this alternative has been criticized by domestic worker organizations for being a palliative which could hinder the implementation of C-189 (ILO convention on domestic workers’ rights), as it excludes domestic workers outside the cooperative. This would be in detriment to domestic worker unions’ articulation of their fundamental right to be protected by social security and would release the government from the obligation of including domestic workers from labour legislation. The main issue, critics say, is that they are not recognized as an occupational group entitled to a minimum wage. In 2019 and 2020, there were some positive steps in the Dominican Republic in the struggle for the inclusion of domestic workers, but there were setbacks after elections happened.

Learn more

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³ WSM (2016). Amussol: informal workers have access to social security in the Dominican Republic! Thematic Report Latin America No. 2. Available at <https://www.wsm.be/files/files/publicaties/eng/WSM-brochure-Amusol-ENG-8063.pdf>

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Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global network focused on empowering the working poor, especially women, in the informal economy to secure their livelihoods. We believe all workers should have equal economic opportunities, rights, protection and voice. WIEGO promotes change by improving statistics and expanding knowledge on the informal economy, building networks and capacity among informal worker organizations and, jointly with the networks and organizations, influencing local, national and international policies. Visit www.wiego.org.

