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Extending the scope of social security to internal migrants in the informal economy: an analysis for Myanmar

International Labour Organization

Liaison Office in Myanmar

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Foreword


Social protection is fundamental to decent work and is at the heart of socially just development. The Government of Myanmar has been working hard to overhaul its social protection system, starting with the passage of the Social Security Law in 2012 and continuing with the development of its Social Protection Strategy in 2014. More people have access to social protection in Myanmar than ever before, but there is a long way to go and the urgency of reform has been amplified by the Covid-19 pandemic. The Government responding immediately to Covid-19 with the Covid-19 Economic Relief Plan (CERP) and in the second wave has drafted the Myanmar Economic Recovery and Reform Plan (MERRP) reflecting the need to build back better. Emergency relief efforts can act as stepping stones to the eventual realization of a social protection floor in Myanmar and build on the recommendations of the *Social protection assessment based national dialogue report, 2015*.

Internal migration in Myanmar is significant – almost one fifth of the population has moved once in their lifetime - and internal migrant workers have supported recent economic growth, moving to developmental nodes in the garment sector and construction industry. Yet with 84 per cent of the workforce engaged informally, stark decent work deficits persist, including very limited access to social protection. Starting the process to extend social protection to these internal migrants, who are mostly engaged in the informal sector and with limited social networks in place, could be prioritised as a strategy to address some of these deficits.

Nation-wide job losses in Myanmar, coupled with the return of over 150,000 international migrant workers since March 2020, presents serious risks of rolling back progress on poverty reduction. While this paper was largely prepared before the Covid-19 crisis hit, it provides a snapshot of legislative and policy systems governing social protection and how these could be extended to include internal migrant workers in Myanmar. Country case studies included in this paper demonstrate a variety of different paths which have been taken in other countries to achieve such extension of social protection to informal workers.

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Extending the scope of social security to internal migrants in the informal economy: an analysis for Myanmar

Executive summary

Globally acute decent work deficits and a disproportionate share of the working poor characterize the informal economy. Informal workers are more likely to be exposed to hazardous or unsafe working conditions, inadequate training opportunities, low pay and long working hours in what are often described as “disguised” employment relationships. Such workers are also beyond the reach of social security schemes or safety and health protection, and frequently fall outside the reach of trade unions and labour organizations.

Informal employment in Myanmar is high, with 84 per cent of the workforce engaged informally, and 56 per cent of the working population engaged as either own-account workers or contributing family workers (of whom 61 per cent are women).¹ An increasing number of these workers are working in places other than where they were born or grew up; they are either long-term or recent internal migrants. Some are also aspiring international migrants, and others migrants who have returned from abroad.

The government has been working to expand access to social protection including through the passage of the Social Security Law, 2012 and activation of a number of insurance pillars run by the Social Security Board, as well as development of a Social Protection Strategy in 2014 aiming to extend social assistance, there is significant potential to extend the scope of social security to more Myanmar workers, including internal migrants.

The Covid-19 pandemic has evidenced the need to urgently expand areas of social protection and prompted the Government to address structural issues, including creation of fiscal space. Integral to the 2020 government response to Covid-19 has been a government recognition of the recommendations of the *Social protection assessment based national dialogue report, 2015*, which made concrete, practical recommendations on the basis of extensive social dialogue to realize a Social Protection Floors in Myanmar,² including through implementation of the 2014 Social Protection Strategy. This provides an opening for further discussion with the UN on realising a social protection floor in Myanmar as part of a risk mitigation strategy. Myanmar’s economy has been hit hard by global economic turbulence, with a sharp contraction in exports and remittances. International and domestic travel bans, and the impacts of Covid-19 on the global supply chain have affected domestic economic activity, particularly manufacturing with over 84,438 job losses in the garment sector alone, which has a 90 per cent female workforce, many of whom are internal migrants, but the effects have also been damaging in tourism,

¹ ILO. *Myanmar Decent Work Country Programme 2018 – 2021*. (Yangon, 2018). Government of Myanmar, Labour Force Survey, 2017.

² ILO. *Social protection assessment based national dialogue: Towards a nationally defined social protection floor in Myanmar*. (Yangon, 2015). https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-yangon/documents/publication/wcms_386563.pdf

agriculture, retail and transport.³ By September 2020 over 150,000 international migrants had returned to an uncertain future in Myanmar temporarily, or had been permanently laid off from their jobs abroad, and had returned on account of wishing to be closer to their families. With reductions or loss of income for many, consumption has declined and the likelihood of increased poverty and inequality is high.

The ILO works to promote decent work in the informal economy, including the adoption of international labour standards concerning social security and the informal economy. Currently the social security standards framework comprises eight Conventions and nine Recommendations.⁴ In cases where a Member State has not ratified or implemented an ILO Convention, they provide important guidance for Member States considering reform activity in this area.

This analysis provides a background on Myanmar's economy and linkages to multidimensional poverty (section 2.1), takes stock of recent trends in internal migration (section 2.2) and the informal economy (section 2.3), noting available data sources and gaps in data availability. While informal employment is high, there is some variance. More women (90 per cent) than men (76 per cent) are in informal employment; most informal jobs (47.9 per cent) are in agriculture, compared to 32.8 per cent in the service sector and 19.4 per cent in industry, reflecting the distribution of jobs. Within the industrial sector, 94.2 per cent of workers are informal.⁵

Progress has been made in the expansion of social protection in Myanmar, but challenges remain (section 3). There are two main formal social security schemes in Myanmar: 1) the civil servant, military, and political personal pensions schemes for the public sector, regulated by the Civil Service Law and Rules 2013 and Political Pension Law and Rules; and 2) social security schemes for the private sector, regulated by the Social Security Law (2012) and its Rules (2014), which replaced the Social Security Act (1954). At present only the healthcare, sickness, family and employment injury (including funeral grant) branches have been activated: unemployment and old age benefits have not yet been activated.

Coverage under the Social Security Board (SSB) scheme has increased, from 700,000 in 2014 to 1.4 million insurance-holder workers in 2020.⁶ Informal workers are excluded from compulsory coverage, and while the 2012 Social Security Law provides for voluntary participation by a wide range of groups, at the time of writing the SSB reported just 1,511 voluntary scheme members. Social assistance, housed under the Ministry of Social Welfare, Relief and Resettlement (MSWRR) is outlined in the Social

³ ILO (2020). *COVID-19 Impact on Employment and Labour Market in Myanmar*. https://www.ilo.org/yangon/publications/WCMS_751897/lang--en/index.htm

⁴ Conventions include: the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Equality of Treatment (Social Security) Convention, 1962 (No. 118), the Employment Injury Benefits Convention, 1964 (No. 121), the Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128), the Medical Care and Sickness Benefits Convention, 1969 (No. 130), the Maintenance of Social Security Rights Convention, 1982 (No. 157), and the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168). Recommendations include: the Income Security Recommendation, 1944 (No. 67), the Employment Injury Benefits Recommendation, 1964 (No. 121), the Invalidity, Old-Age and Survivors' Benefits Recommendation, 1967 (No. 131), the Medical Care and Sickness Benefits Recommendation, 1969 (No. 134), the Maintenance of Social Security Rights Recommendation, 1983 (No. 167), and the Employment Promotion and Protection against Unemployment Recommendation, 1988 (No. 176). The body of up-to-date social security standards also includes the more recent Maternity Protection Convention, 2000 (No. 183) and the Maternity Protection Recommendation, 2000 (No. 191); as well as the Social Protection Floors Recommendation, 2012 (No. 202).

⁵ Disaggregated data provided by MOLIP for this report, based on the 2017 Labour Force Survey.

⁶ See <https://www.globalnewlightofmyanmar.com/ssb-ilo-discuss-social-security-reforms/> (17 April 2020).

Protection Strategic Plan (2014). Of eight flagship programmes, the Maternal and Child Cash Transfer (MCCT) and the social pension for older persons have been rolled out. Coverage by social assistance remains low, reaching less than 1 per cent of the total population (section 3.1). Expansion of coverage will require solutions to various challenges, including gaps in legislative coverage, perceived difficulties in accessing and using services, as well as operational challenges and funding issues (section 3.2).

In conceptual terms, informal work is understood to be heterogeneous, to exist within the informal economy, as well as in formally registered businesses. The focus is on workers who are not covered, either legally or in practice, by labour or social security law (section 4.1). The ILO Social Protection Floors Recommendation, 2012 (No. 202) notes that “social security extension strategies should apply to persons both in the formal and informal economy”. Similarly, the ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) notes that coverage of social insurance should progressively be extended to those in the informal economy, and administrative procedures, benefits and contributions should be adapted in accordance with the contributory capacity of those in the informal economy (paragraph 20) (see section 4.2).

Section 5 of the analysis examines approaches taken in the extension of social protection to informal economy workers in five countries: Viet Nam (5.2.1), Thailand (5.2.2), India (5.2.3), Ghana (5.2.4), and Rwanda (5.2.5). The cases were chosen with the aim of extracting information or comparators for the eventual extension of social security within Myanmar. In these cases, social security reform and the extension of coverage were found to be most successful when oriented to a specified purpose; the cases adopted a mix of public and private, contributory and tax-financed interventions; used innovative conceptualization of informal work, set up progressive institutional arrangements; worked to identify target beneficiaries and facilitate their access; and adopted flexible design modalities (section 5.3).

The Government of Myanmar has made significant achievements in relation to the development of the social protection system in recent years. These include, among others: 1) progressively increasing the number of workers covered by the compulsory SSB scheme; 2) legal and administrative reform of the SSB system and service delivery, with the assistance of the ILO; 3) streamlining of the two workmen’s compensation systems; 4) administrative and institutional expansion of the health care system, including through collaboration with the private sector to increase worker access to more outpatient care; 5) envisaged further reform of the contributory system, in areas such as strengthening compliance and extending the geographical footprint of the SSB; and 6) expanding the social assistance system. Yet the need to extend social security provision further is evident. To this aim, the report provides the following recommendations.

Recommendations

1. **Reforms and extension of social protection, such as inclusion of informal sector workers and internal migrants, should be made on the basis of a pre-established principled approach, taking into account international labour and human rights standards and recommendations of the 2015 Assessment Based National Dialogue⁷**

- The first principled approach entails the development of multi-pillar modalities of coverage, as well as universalizing, and possibly introducing new, forms of coverage e.g., cash allowance for mothers and children with support from the Livelihoods and Security Fund (LIFT), as well as social pensions for older people (see section 6).
- A second principled approach concerns the need to ensure universal coverage: there should be a deliberate drive to ensure that all workers in Myanmar are covered by social protection, irrespective of their migratory context, and enjoy coverage for the whole range of social risks to which workers and their dependants are exposed. Coverage should be non-discriminatory and contribute to gender equality and solidarity between men and women. Comprehensive coverage may have to be introduced incrementally.
- A third principled decision concerns the choice between a voluntary mechanism and an in-principle compulsory scheme with government support. It is suggested that given the growing evidence worldwide and in ASEAN of the positive impact of compulsory participation on coverage extension, subject to accommodating the specific context of informal economy workers, consideration should be given to tailor scheme design in a way that will ensure the gradual transition to a compulsory scheme framework. Such a framework will need to be supported by appropriate government subsidies, in particular as far as contributions to the contributory regime are concerned. This may also be required in order to avoid three key consequences of relying on a voluntary model: i) adverse selection; ii) small risk pools; and iii) dysfunctional incentives for enterprises that seek to cut labour costs.
- Finally, despite the important role played by informal social security arrangements in Myanmar, their integration into the formal, expanding social security framework should be carefully considered to enable the sustainable extension of protection.

2. **There are a wide range of system and operational areas to address, to enhance coverage of informal workers and workers in the informal economy, including internal migrants**

- Address the underlying IT framework and improve service delivery.

⁷ In particular see Recommendations and Conclusions on the working age population in: ILO. *Social protection assessment based national dialogue: Towards a nationally defined social protection floor in Myanmar*. (Yangon, 2015). https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-yangon/documents/publication/wcms_386563.pdf (p. 50-52)

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- Address complex and fragmented registration and institutional frameworks applicable to businesses.
 - Simplify SSB registration requirements and procedures and allow workers to self-register.
 - Increase SSB's geographical footprint.
 - Expand the mandate of MOLIP to progressively extend establishments and work sectors eligible for compulsory registration of workers (current list of establishments, Social Security Law 2010, Articles 11 and 12), and explore the potential expansion of SSB's mandate to access additional funds to subsidize member contributions.
 - Strengthen law enforcement and inspection, to ensure legal compliance and address avoidance and underreporting. This will be particularly relevant to ensure extension of coverage to informal workers in the formal economy, who may in any event be entitled to coverage under the SSB compulsory system if they work in enterprises in the formal economy that have more than five employees.

3. Improve the data environment, through informed, appropriate approaches and options to enable evidence-based policy reform

- At present, no systematic assessments of the characteristics of the various categories of informal workers and their families, or their respective social security needs are available. There is only limited statistical information available concerning their income characteristics. Therefore, despite the availability of some limited qualitative data, much more can be done in Myanmar concerning quantitative and in particular qualitative surveys and studies.
- It is advised that the various sets of surveys, including the regular Population Censuses, Living Conditions Survey, and the Labour Force Survey include a range of questions on key dimensions of those who work informally, and on migration patterns, and that arrangements be made with research institutions to conduct appropriate qualitative surveys.

4. Invest in voice and representation of informal workers, communication and awareness raising

- Consultation with informal economy representatives is critical:⁸ ensure senior-level composition of consultative bodies and gender balance in consultative bodies and among those being consulted.
- In consulting with such representatives, care should be taken to ensure that the voice of women workers is actively included and their specific needs addressed, given their varied situations as migrant workers with varied employment status, as well as possible participation in unpaid, unrecognized work.

⁸ According to the communication received from the relevant Parliamentary Committee that met for the purposes of this report – the Farmers and Workers' Affairs Committee of Pyithu Hluttaw – there is an extensive range of informal workers' representative groups that can be consulted for this purpose, in addition to trade union organizations and selected non-governmental organizations.

-
- There is an evident need for awareness raising and communication among the informal workers and internal migrants addressed by this report, as well as among the general public, both on their existing entitlements and on the potential of social protection for equitable development.

5. Support coverage extension through improvement of the legal framework.

Required actions in this context include –

- Provide a sufficient legal, in particular a rights-based framework, for social security, and social assistance.
- Ensure consistency of labour and social security laws.
- Remove legal barriers to coverage, including by expanding the conceptual framework applicable to workers/employees and removing exclusions currently found in the Social Security Law.
- Ease registration and contribution requirements.
- Introduce portability, by –
- Removing hindrances to continued coverage as people migrate within Myanmar and move between the formal and the informal economy;
- Extending social security coverage on a unilateral basis to Myanmar workers abroad through voluntary contributions while abroad and with an added component of protection through the establishment of a specific fund or insurance for migrant workers;
- Making sufficient provision for social security coverage in relation to Myanmar workers who may be working, or may have worked abroad, through appropriate bilateral social security agreements, while supporting the development of a multilateral (ASEAN) social security portability arrangement.

6. Introduce dedicated arrangements suited to the context of informal workers and informal economy workers, including internal migrants

- Contributory capacity is crucial. A varied approach is advisable, including sliding scales, and government subsidies for at least the poorest categories of workers may be called for.
- Coverage arrangements, schemes and interventions must be tailored to the needs of workers while ensuring that the priority needs of workers are not neglected. Government also bears a duty to ensure that workers are protected for all relevant social risks; a comprehensive approach may have to be introduced incrementally.
- Support the participation of poor workers, including through the introduction of government subsidies.
- Flexible contribution payment modalities, as well as flexible contribution collection options such as trade unions as collection agents; and use of mobile wallet applications; and reduce the disproportionately high contribution rate for the self-employed;
- Relaxed entitlement criteria;

-
- Co-payments on medical benefit;
 - Targeted benefit packages.

7. Establish an enabling framework supporting the above interventions and suggested coverage extension approaches.

Measures that need to be attended to in this regard, include the following

- Improve the tax base and consider other funding modalities to increase social protection investment by the Union Government;
- Consider linkages between social security contributions and benefits; skills development; income generation; improved access to markets and financing support; and enhanced access to financial institutions and facilities.

1. Purpose, scope, methodology and definitions

The report aims –

- to examine the extent to which social protection is available to workers, particularly internal migrant workers, in the informal economy in law, policy and practice;
- to reflect on the challenges that internal migrants are reported to face in accessing formal social security in Myanmar;
- to consider the available data on labour market participation of informal economy workers;
- to reflect on the conceptual and normative framework, as well as global developments informing the extension of social security to informal economy workers;
- to provide overviews of steps taken by five countries to extend the scope of social security to informal economy workers, and consider lessons that can be learned in the context of Myanmar; and
- to consider the implications of the above and make recommendations in relation to the extension of social security to internal migrant workers in the informal economy in Myanmar, identifying priority sectors, taking into account the specific context of Myanmar, and bearing in mind the limited evidence base that inhibits a fuller-scale analysis.

Methodology

The methodology employed for this report consists of a literature review and consultative interviews with a range of stakeholders. The literature reviewed was both primary data in particular, regulatory (legal) and policy instruments and documents; and secondary data including research-based and analytical literature, as well as datasets specifically developed by the Ministry of Labour, Immigration and Population (MOLIP) for purposes of this report. The consultative interviews took place during the week of 25-29 November, 2019 in Yangon and Naypyidaw, and were informed by semi-structured questionnaires developed for this purpose. Both written and oral responses to the questionnaires have been considered for the purposes of the report.

Definitions

This report builds on the earlier work on the social protection floor framework in Myanmar conducted under a Social Protection Working Group (SPWG) co-chaired by the United Nations Children’s Fund (UNICEF) and the Ministry of Social Welfare, Relief and Resettlement (MSWRR) with active contributions from ILO, WHO, UNDP, WFP, UNAIDS, IOM and UNFPA as well as the World Bank. The SPWG endorsed a plan of activities to support development of the first national social protection strategic plan. An integral step in this process was an assessment based national dialogue (ABND) exercise led by the ILO between October 2013 and September 2014. The ABND mapped existing social protection schemes, noting gaps and providing policy recommendations to achieve a comprehensive social protection floor in Myanmar; recommendations were costed to assess affordability; and finally results were shared and next steps established.

The ILO Social Protection Floors Recommendation, 2012 (No. 202), was adopted at the 101st Session of the International Labour Conference in 2012. Social protection floors are nationally defined sets of

basic social security guarantees which aim to prevent or alleviate poverty, vulnerability and social exclusion throughout the life cycle. They should include –

- access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability, and quality;
- basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care, and any other necessary goods and services;
- basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity, and disability;
- basic income security, at least at a nationally defined minimum level, for older persons.

These policy areas may be addressed by a mix of contributory schemes (social insurance or social security) and non-contributory tax-financed benefits, including social assistance, cash transfers and social allowances⁹ (ILO, 2017: xxix). In addition, it is becoming increasingly evident that social protection will have a strong role to play in a just transition to environmentally sustainable economies and societies.

Note should be taken of certain general, overarching principles (see, among others, Berghman, 1991; Berghman, 1997: 3-21, Pieters, 2006;) and some specific developments that should be of relevance also when exploring pathways for extending social security to the informal economy:

- **Solidaristic notions** are key to a proper understanding of the operation of social security. This means that society agrees to pay taxes in exchange for social goods, including **non-contributory social security benefits** to (in particular) those who are unable to sufficiently support themselves. It further means that a government, relying on public fiscal resources, may provide subsidies to support or even replace social security contributions payable by workers with limited or no contributory capacity, and to help top up benefits accruing to such workers and their dependants, for example in the form of subsidizing co-payments to be made by beneficiaries. Government **subsidies to contributory social security** are growing in many parts of the world. A broad contributory base also means that workers and employers, through their contributions, provide a source of protection pool for those who may be affected by a particular risk such as unemployment.
- **Key ILO instruments include:** the Social Security (Minimum Standards) Convention, 1952 (No. 102); the Equality of Treatment (Social Security) Convention, 1962 (No. 118); and the Maintenance of Social Security Rights Convention, 1982 (No. 157). Together, these instruments lay out a framework for universal social protection ensuring income security across the life cycle in the face of nine principle contingencies.
- Notions of **solidarity and redistribution** also operate within the framework of informal forms of social protection such as kinship-based and mutuality-based forms of support.
- Social protection fulfils a variety of functions. Traditionally, social protection and in particular social security have been associated with providing **compensation** and other forms of support once a particular risk – such as a health condition, unemployment, or a disabling event – has

⁹ Universal payments financed from government revenue which are granted to designated categories deemed to have exceptional needs (such as children, older persons and persons with disabilities).

occurred. However, it is increasingly understood that social protection and social security first and foremost have a **preventative** function; namely, interventions aimed at preventing the risk from materializing (such as preventive health care; employment creation; occupational health and safety). Secondly, social protection and social security have a **restorative and (re)integrative function**: if a risk has materialized, the primary task is to (re)integrate the affected person or community into society and the labour market, including through rehabilitation; assistive devices; and job matching. In addition to the preventative, restorative, (re)integrative and compensatory roles, social protection and social security also fulfil a **promotional and transformational** role, for example, influencing perceptions, values and attitudes, such as compelling those who are able to do so to contribute to their own social security provisioning, including through compulsory membership and contributions to retirement or health insurance schemes.

- As indicated in the ILO *World Social Protection Report 2017-2019* (WSPR), social protection plays a key role in achieving **sustainable development**, promoting social justice and realizing the human right to social security for all:

“Thus, social protection policies are vital elements of national development strategies to reduce poverty and vulnerability across the life cycle and support inclusive and sustainable growth by raising household incomes, fostering productivity and human development, boosting domestic demand, facilitating structural transformation of the economy and promoting decent work.”

There is, therefore, a close correlation between social protection and the **Sustainable Development Goals (SDGs)**, adopted in 2015, covering the period until 2030. For example, **SDG 1.3** reflects the joint commitment of countries to “implement nationally appropriate social protection systems for all, including floors” for reducing and preventing poverty. As suggested by the WSPR, this commitment to universalism reaffirms the global agreement on the extension of social security achieved by the Social Protection Floors Recommendation No. 202, adopted in 2012 at the International Labour Conference (ILO, 2017: xxix).

- There is a **legal and not merely a moral obligation** on governments to provide social protection, with a corresponding human rights-based entitlement.¹⁰ However, it is also widely appreciated that achieving comprehensive social protection requires an incremental approach, often reflected in the legal notion of **progressive realization**. Even so, it is expected of governments to set goal-oriented, measurable, and achievable targets, to signify progress.
- There is an evident tendency to achieve comprehensive social protection through **universal and multi-pillar approaches**, involving not only public, but also private and mixed public-private interventions. The rise in **universal** cash transfers, and the establishment of **universal health insurance programmes** in several countries bear testimony to this phenomenon. **Multi-pillar** approaches address social protection risks through a

¹⁰ In this regard, a 2017 UNICEF study highlights the role of social protection as a key interface between states and citizens. It emphasizes the need to shift the design and implementation of social protection away from discretionary and technocratic forms, to forms which stimulate vulnerable citizens to make justice-based claims for their rights and demand accountability for the realization of those rights. It puts forward a conceptual framework for social protection with three modalities through which citizens can be engaged: as shapers and makers; as users and choosers; and as passive consumers. See Sabates-Wheeler, R.A. & others, *Linking Social Rights and Active Citizenship for the Most Vulnerable: The role of rights and accountability in the ‘making’ and ‘shaping’ of social protection* (Innocenti Working Paper WP-2017-14) (UNICEF, 2017).

well-coordinated, calibrated and integrated constellation of non-contributory and contributory provisioning.

- Major categories and large percentages of people in many developing countries **have little or no social security coverage**. ILO estimates show that only 29 per cent of the global population are covered by comprehensive social security systems that include the full range of benefits, from child and family benefits to old-age pensions. The ILO reports that coverage gaps are associated with a significant underinvestment in social protection, particularly in Africa, the Arab States and Asia. Lack of social protection leaves people vulnerable to poverty, inequality and social exclusion across the life cycle, thereby constituting a major obstacle to economic and social development (ILO, 2017: xxix).
- Recent attempts to achieve more comprehensive coverage have seen large-scale attempts in developing countries to **extend social protection to workers in the informal economy and their dependants**. Vast numbers of previously excluded workers have now been included in social security schemes, which usually reflect the realities of the contributory capacity of these workers and their specific social security needs and emphasize the need to adopt flexible approaches to ensure participation by informal economy workers.¹¹

2. Internal migration, the informal economy and informal workers in Myanmar: a factual and statistical picture

2.1 Introduction: the impact of poverty and multidimensional disadvantage

Myanmar is a multi-ethnic country of 53.7 million people with a GDP of US\$ 69.3 billion.¹² The median age is 27.1 years and life expectancy at birth is 64.7 years (60.2 years for men and 69.3 years for women). Some 28.6 per cent of the population are children aged 0-14 years; 65.6 per cent are of working age (aged 15-64). A small percentage of people are currently aged 65 and above (5.8 per cent). While many people still live in large, multigenerational households including elderly people, this is changing, particularly in urban settings. The old-age dependency ratio is 8.8 per cent and the child dependency ratio is 43.7 per cent.¹³ This renders a demographic dividend that is of immense importance for social security purposes: dedicated investments in the education and skilling of young people can contribute significantly not only to economic development, but also to a sustainable social protection system (ILO, 2018: 1). This will enable effective support as the population ages: old-age dependency

¹¹ For a recent reflection on developments in this regard, see Olivier, M. “Social security protection for informal economy workers: Developing world perspectives”, in Westerfeld, M. and Olivier, M. (eds.) *Social Security Outside the Realm of the Employment Contract – Informal Work and Employee-like Workers* (Edward Elgar Publishing Ltd, 2019) pp 2-29.

¹² <https://data.worldbank.org/country/myanmar>.

¹³ Old-age dependency is the ratio of people aged over 65 to the number of persons of working age (15–64). The value is expressed per 100 persons of working age. Child dependency is the ratio of children aged less than 15 to the number of persons of working age.

ratios are projected to increase to 17 per cent in 2035 and to 23 per cent by 2030 (Myanmar Population Census 2014).

Myanmar has witnessed high economic growth in recent years. Its economy grew at 6.8 per cent in the 2017/18 financial year, driven by strong performance in domestic trade and telecommunications, and building on the continuing implementation of the Myanmar Sustainable Development Plan (2018-2030) (MSDP). It is currently classified as a lower-middle income country with a GNI per capita of US\$ 1,210 in 2017. Strong economic growth translated into a reduction in poverty from 48 to 32 per cent between 2005 and 2015. Nevertheless, Myanmar remains one of the poorest countries in Asia, with one-fifth of its population below the international poverty line (IPL) of US\$ 3.20 PPP a day, and one-third just above the same threshold (Central Statistical Organization, UNDP and WB, 2020: 8-11).

The main industries are agricultural processing, forestry, minerals, construction, pharmaceuticals, petroleum and natural gas, garments and gems (see Table 1). The manufacturing and service sectors have grown at faster rates than the agricultural sector, thus benefiting people living in urban areas over people in rural areas who mainly earn their livelihoods from agriculture and casual employment. At the same time, Myanmar has a relatively low level of urbanization (some 30 per cent); only three states have an urban population of over 30 per cent: Yangon (70 per cent), Kachin (36 per cent) and Mandalay (35 per cent). A 2020 rapid urban diagnostic report estimated the urban population would expand as manufacturing and service industries grow in urban clusters, from 15.4 million in 2014 to some 20.4 million in 2030 (Ministry of Construction: 4), however the long-term impact of Covid-19 on human population movements may affect this. As at August 2020, an estimated 150,000 international migrants had returned to Myanmar, with Bago and Magway regions receiving the largest numbers of returning migrants.

Table 1: Composition of GDP and labour force

	Composition of GDP % (2017)	Composition of labour force % (2015)
Agriculture	24.8	51.7
Industry	35.4	16.8
Services	39.9	31.5

Source: ILO, 2018: 2

The publicly available 1st Quarter Report of the 2017 *Annual Labour Force Survey* (January-March 2017) puts the Labour force participation rate at 61.5 per cent, with significantly higher participation of males (78 per cent) than females (47.7 per cent) (Government of Myanmar, 2017: 4).

Myanmar is one of the world's most disaster-prone countries, exposed to multiple hazards, including floods, cyclones, earthquakes, landslides and droughts. It ranks third out of 184 countries in the 2019 Global Climate Risk Index and twelfth out of 191 countries on the INFORM Index for Risk Management (World Bank, 2019). Access to basic infrastructure, education, healthcare and social services remains a challenge in both rural and urban Myanmar (ILO, 2018: 2).

Intergenerational poverty may be a policy concern given the large number of children living in poor households. Some 60 per cent of poor children in Myanmar live in five regions/states: Ayeyarwady Region, Magway Region, Rakhine State, Sagaing Region and Shan State (Central Statistical Organization, UNDP and WB, 2020: 11-12). To address child poverty there is a need to ensure that sufficient social protection is available.

Certain other correlates of poverty also shed light on critical areas of social protection interventions needed to address poverty (Central Statistical Organization, UNDP and WB, 2020: 12-13). According to the *Socio-Economic Report of the Myanmar Living Conditions Survey (2020)* –

- Having an identification card is correlated with a lower likelihood of poverty, as proper identification allows access to public services and the ability to claim rights;
- The sector of labour force participation across members in a household is an important correlate of welfare. On average, individuals living in households engaged exclusively in non-agricultural activities are less likely to be poor; therefore, apart from the fact that household participation outside agriculture may be an important avenue to improve welfare, dedicated steps need to be taken to ensure that those engaged in agriculture enjoy sufficient social protection support;
- Remoteness and limited access to basic services and infrastructure, for example market access, may negatively affect welfare; therefore, strengthening access to markets, services such as social protection, and infrastructure may be needed.

To add nuance to the understanding of deprivation and poverty in Myanmar, the Government together with the World Bank undertook a multidimensional poverty analysis of Myanmar using data from the 2014 Myanmar population and housing census. Indicators took into account education, employment, health, water and sanitation, housing and household assets. Deprivation in all of these areas is correlated with income poverty, but also impacts on well-being throughout the life cycle. The granularity of data available through this exercise can be informative in prioritizing the extension of social protection geographically, as well as in terms of priority age groups and branches of social security. Despite the progress made, Myanmar continues to experience significant multi-dimensional disadvantages. In Rakhine, 60 per cent of the population experience a disadvantage in five or more poverty and disadvantage indicators, while in Yangon only 10 per cent fall into this category. The extent and type of disadvantages experienced differ geographically; between states and regions, and at the township level within each state/region (The Republic of the Union of Myanmar, 2018, 8-12).

From a geographical and policy perspective, it is important to ensure that disadvantaged rural areas, regions/states, and townships are prioritized when interventions to extend social protection to internal migrants and those working in the informal economy are designed and implemented.

A significant share of the income of rural inhabitants and those living in the poorest regions and states is spent on basic essentials, notably food. The implication is that limited resources to spend on non-food items among poor households can restrict their access to important services. These include education, water and sanitation, and from a social security perspective, also health (Central Statistical Organization, UNDP and WB, 2020: 6-8). Poor households, consequently, have lower health outcomes than the rest of the population. Care must therefore be taken to ensure that social security support in healthcare terms is sufficiently accessible to the poor. While some health care is available publicly, there may be barriers to access for the poor, including the distance (and cost) of travel to health centres, payment of upfront costs, even where they are reimbursed later, delay or waiting periods to receive treatment requiring time off from work or family responsibilities, as well as the cost of common practices in tipping health service providers.

2.2 Internal migration

The most authoritative source providing a factual and statistical picture of internal migration in Myanmar is the *Thematic Report on Migration and Urbanization (2016)* of the *2014 Myanmar*

Population and Housing Census (The Republic of the Union of Myanmar, 2016). Internal migration is defined in the *Thematic Report* as movement within the country, i.e. movement between townships. The Census measures migration either over the lifetime of individuals (a person is categorized as a lifetime migrant if they have moved at any time during their life), or in terms of more recent moves, a migrant is defined as a person who moved within the five-year period prior to the Census (The Republic of the Union of Myanmar, 2016: xii).

Additional information is contained in the recently released *Myanmar Living Conditions Survey 2017: Socio-economic Report* (Central Statistical Organization, UNDP and WB, 2020) as well as in a number of other sources. Some reliance has also been placed on a smaller-scale survey-based report entitled *Internal Labour Migration in Myanmar: Building an evidence base on patterns in migration, human trafficking and forced labour* (ILO, Myanmar, 2015).

It is important to note that some populations in three areas of the country – Kachin State, Kayin State and Rakhine State – were not counted due to ongoing conflicts. The *Thematic Report* (Government of Myanmar, 2016 (Thematic Report): xii, 7) estimates that a total of 1,206,400 persons were not counted in the Census. These include internally displaced persons and those still living in conflict areas; constituting some of the most vulnerable populations in Myanmar.

Migration has increased consistently across the areas researched with Ayeyarwady, Chin and Mandalay, seeing the most significant increases in the years since 2012. A steady increase in the number of migrants obtaining work in Yangon, predominantly young men and women, was documented. Factors driving migration can no longer be understood predominantly as a coping mechanism for people facing economic shocks: “Instead, many people see migration as an economic opportunity to build capital or diversify their household income. People also have increasingly nuanced understandings of the risks and benefits of migration, with certain types and destinations falling out of favour due to perceived higher risks or lower returns.” (Enlightened Myanmar Research (EMR) and World Bank (WB), 2016: III, 77)

Lifetime and recent migration: According to the *Thematic Report*, 19.3 per cent of the total population of Myanmar are lifetime migrants, meaning that they have moved between townships at least once since their birth. Some 7 per cent were recent migrants, having moved in the five years preceding the Census. Overall, some 53 per cent of internal migrants are women. A large proportion of (both lifetime and recent) movement within Myanmar has revolved around Yangon, either as movement into Yangon or movement between Districts within Yangon. In fact, the contribution of migration to the growth of the population of Yangon District over the five-year period prior to the Census is calculated to be greater than 80 per cent. A high proportion of recent migrants in the Yangon district are employed in manufacturing, with almost 50 per cent of women migrants to North Yangon industrial zones employed in this sector (Government of Myanmar, 2016 (Thematic Report): 24, 25, 148).

Border areas: There were also positive gains in net migration in areas adjacent to the Myanmar-Thailand border, while districts along the border with China and India had moderately high levels of positive net migration, particularly Kachin, Kayah and Kayin States. These States appear to have an economic dynamism that comes from the large amount of cross-border trade that occurs through these States.

It is difficult to determine if there is a link between internal and international migration. The *Thematic Report* suggests otherwise and indicates that very few households that contained an internal migrant also reported an international emigrant.

Geography of internal migration: Urbanization is steadily growing, largely as a result of internal migration flows strongly driven by the development of industrial zones which draw workers. For example, 81 per cent of the population growth of Yangon between 2009 and 2014 was attributed to internal migration (World Bank, 2019: ix). While urbanization is a recognized phenomenon, almost half of recent migration has been between urban areas, with just 10 per cent from rural to urban. Most urban-to-urban migration is the result of migration to Yangon, while rural-to-rural migration predominates in migration to Bago and Sagaing sector (Government of Myanmar, 2016 (Thematic Report): xiii).

Inter-State/Region recent migration was particularly significant in four States and Regions: Kayah, Kayin, Mon and Naypyidaw.¹⁴ The States and Regions that gained the most migrants were Yangon and Kayin, while Ayeyawady had negative net migration (CSO), UNDP and WB, 2020: 97).

Employment, education and income profiles: The majority of those who migrate do so for work or other income-generating purposes: lack of employment opportunities in the place of origin is a driving factor (ILO, 2015: 3). Spatial differentials in unskilled wages, i.e. gaps in wages earned from unskilled labour, have been a significant force that influence internal migration (Central Statistical Organization, UNDP and WB, 2020: 96). The majority of migrants' (72 per cent of respondents) decision to migrate is made independently rather than as a family decision (26 per cent of respondents) (ILO, 2015). However this does not reflect gender differences.

Labour force and sector dynamics: While persons in manufacturing comprise 6.8 per cent of the total labour force, much higher percentages of internal migrants work in manufacturing and services, particularly urban-to-urban and urban-to-rural migrants. Those who migrate from an urban to another urban area have higher percentages in the clerical, technical and professional occupations compared to the other three major migration dimensions. Urban-to-rural migrants have relatively high percentages in the construction sector and accommodation and food services sector. Labour force participation rates among migrants are higher in rural than in urban areas, except at ages 15-19. Lifetime migrants are twice as likely as non-lifetime migrants to be members of households engaged exclusively in the non-agricultural sectors, especially in rural areas (Central Statistical Organization, UNDP and WB, 2020: 94). Again, this may change with Covid-19 as agriculture may absorb returning international and internal migrants hit by job losses in urban-based sectors.

The impact of verbal agreements: The absence of written employment contracts and the expressed lack of understanding among many internal migrants of the terms of a written contract where contracts do exist, make them vulnerable to exploitation, and would undoubtedly impact negatively on registration with and participation in Myanmar's compulsory and voluntary contributory social security scheme. According to the ILO *Internal labour migration in Myanmar* report, most respondents had a verbal agreement with the employer about the conditions of work (73 per cent): "Only 7 per cent of respondents had a written contract with their employer, despite its requirement under law. Among the 495 respondents who had a written contract, 174 stated they did not fully understand their contract, with women respondents less likely to fully understand their contract than men" (ILO, 2015: 4).

¹⁴ ILO *Internal Labour Migration in Myanmar* 3 further elaborates: "Overall, a greater number of respondents migrated for work across a state/region (62 per cent) than within a state/region (38 per cent). However, this trend was not uniform among all respondents; respondents originating in one of Myanmar's regions were more likely to migrate to another one of the 14 states/regions than within their region, while respondents originating in one of the states migrated in larger numbers within their own state than they did cumulatively to other states/regions."

Working and living conditions: With more limited social networks, potentially less fluency in the local language, and less voice in the workplace, internal migrants may face greater disadvantage within challenging general working and living conditions, including a lack of occupational safety and health standards, and patchy application of labour standards. The ILO *Internal labour migration in Myanmar* report indicates that approximately 60 per cent of the survey respondents worked seven days a week, and 28 per cent six days a week. Some 32 per cent worked nine to ten hours, and 33 per cent worked 11-15 hours per day (excluding breaks). On average, respondents shared sleeping quarters with six other people. Regarding occupational safety and health, the report notes that respondents across all industries commonly reported: exposure to dust or fumes; extremely hot or cold air temperatures; and loud noises or vibrations; and suffering common injuries (ILO, 2015: 4). Certain industries have higher rates of abuse and exploitation. Forced labour and trafficking are more common in domestic work, fishing, trade, mining and food service activities; and 40 per cent of domestic workers among a sample of 7,216 workers were found to be in situations of forced labour or trafficking (ILO, 2015: 70).

2.3 Informal economy and informal work in the formal economy

The Myanmar *Labour Force Survey* (2015) explicitly defines “persons employed in the informal sector” and “informal employment”, as well as providing specific definitions of “cooperative member”,¹⁵ “self-employed”,¹⁶ “own account worker”¹⁷ and “own-use producers of goods”¹⁸ (Government of Myanmar, 2016: 9-10). See also section 4.1 of this paper.

- **Person employed in the informal sector:** “The informal sector consists of unregistered and small unincorporated private enterprises engaged in the production of goods or services for sale or barter. The enterprises typically operate on a small scale at a low level of organization, with little or no division between labour and capital as factors of production. An unincorporated enterprise is a production unit that is not constituted as a separate legal entity independently of the individual (or group of individuals) who owns it and for which no complete set of accounts is kept.”

¹⁵ Defined as “A person working in a cooperative in which he/she is a member. He/she does not get a wage or salary for his/ her work. Instead, he/she gets a share of the profit. Then he/she will be classified as a cooperative member. However, if he/ she is a cooperative member but gets a salary/wage in addition to a share of the profit he/she will be considered as an employee.”

¹⁶ Defined as “All the persons under the categories other than paid employment, i.e. employer, own account worker, helping without pay in a household/ family business and cooperative member are all termed as self-employed.”

¹⁷ Defined as “This refers to a self-employed person who does not hire paid employees on a regular basis. Own account workers may work on their own, or with one or more partners, and engage unpaid family workers to run a business or farm, etc. A person working for commission should also be categorized as an own account worker. If more than one member of a household is in the same business or farm on equal terms they have been identified as co-operator of a household/ family business in the survey. In the report they have been classified as own account worker.”

¹⁸ Defined as “Refers to all persons who, during a short reference period, performed any activity to produce goods intended mainly for their own final use by their household or by family members living in other households. Any activity refers to work performed in the various activities listed below and for a cumulative total of at least one hour.”

- **Informal employment:** “Employees with informal jobs in either a formal or informal sector enterprise or as paid domestic workers in a household are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (such as advance notice of dismissal, severance pay or paid annual or sick leave).”

The following figures reflect some of the most recent available key labour market data, with reference to the *2017 Annual Labour Force Survey*:¹⁹

- Working age population: 36.56 million
- Persons outside the labour force: 13.88 million
- Employed and unemployed: total 22.68 million of whom 22.46 million employed and 0.226 million unemployed
- Of the 22.68 million workforce, 84 per cent are informal (slightly down from a figure of 87 per cent indicated in the 2015 Labour Force Survey)

The publicly available 1st Quarter Report of the *2017 Annual Labour Force Survey* (January-March 2017) adds more specific insights on the above figures:

Box 1: Informal sector and informal employment outside the informal sector

A disaggregated perspective on employment in the informal sector and informal employment outside the informal sector: (Government of Myanmar, 2017: 10)

- Employment in the informal sector: The overall total is 60.2 per cent, with fewer men (58.9 per cent) than women (62.1 per cent). There is also a higher incidence of informal sector employment in rural areas (62 per cent) than urban (55.7 per cent).
- Informal employment outside the informal sector: The total is 23.9 per cent, with women (29.8 per cent) much more likely than men (19.6 per cent) to be found in informal employment outside the informal sector. Levels in urban (23.8 per cent) and rural (23.9 per cent) are much more similar.

Average monthly wages and earnings: (Government of Myanmar, 2017: 14-17) The data provided in the quarterly Labour Force Survey indicate that both men and women in formal wage employment earn more than double the amounts earned by those in informal employment. Rural workers earn much less than urban workers in both formal and informal employment. Overall, in wage employment in both the informal sector, and informal employment outside the informal sector, men earn substantially more than women, and those in rural areas significantly less than their urban counterparts.

The quarterly Annual Labour Force Survey further indicates similarities to many countries with a substantial informal economy dominated by family enterprises, where the unemployed less frequently make visible attempts to seek jobs, especially if they do not have any specialized skills or high educational achievements.

Further disaggregated data in relation to informal employment, collected under the 2017 Labour Force Survey, were prepared by MOLIP at the request of the ILO for the purposes of this report. Some of the key conclusions to be drawn from the data are:²⁰

- As regards the **gender dimension**, according to the data set, 90 per cent of women are in informal employment, compared to 76 per cent of men. In the agriculture sector, a higher percentage of women (93.3 per cent) than men (71.3 per cent) are in informal employment. The same applies to the services sector and to a lesser extent to the industrial sector.

¹⁹ Interview with MOLIP: 27 November 2019.

²⁰ Data on file with the author.

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- **How informal employment is distributed across industries:** Most of those in informal employment are engaged in agriculture (47.9 per cent); the service sector accounts for 32.8 per cent of informal jobs, and industry for 19.4 per cent. There are significant urban-rural variations in this picture: 62.1 per cent of those in informal employment in rural areas work in agriculture, while in urban areas the majority 61.8 per cent of informal workers are engaged in the service sector.
 - **The proportion of informal employment within industries:** Informal employment exceeds by far formal employment in all three broad industries: agriculture, industry and services. It is particularly high in industry: 94.2 per cent are in informal employment in this sector, and only 5.8 per cent in formal employment.
 - **Proportion of informal employment by employment status:** The majority of **own account workers** are operating in informal employment (62.5 per cent). This applies in particular to women.
 - **Proportion of informal employment by age group:** An exceptionally high percentage of youth and younger people (15-24 years and 25-34 years) are in informal employment (95.4 per cent and 87.4 per cent), compared with all other age groups. This is in particular true of women and those in rural areas.

In the course of the interviews held in Myanmar for the purposes of this report, responses from different stakeholders have emphasized that:

- Internal migrants work in both the formal and informal economy, including as: domestic workers, workers in the food industry, service and garment sectors, fisheries, construction, small-scale farmers, miners, and own account workers. Many internal migrants are working in (textile) supply chains. Some are working in the digital economy. Some of these people are working for employers, and in some cases are entitled to compulsory coverage under the 2012 Social Security Law but are not enrolled in its operating Social Security Board (SSB) compulsory scheme.
- Older people were identified as a specific vulnerable group. In rural areas, the middle generation is often absent due to labour migration, leaving these older people with care responsibilities for grandchildren and other children; some are still working informally, mostly in farming.

A 2016 report on livelihoods and social change in rural Myanmar went further to identify particularly vulnerable and marginalized groups. Some of the key findings of this report can be summarized as follows (Enlightened Myanmar Research (EMR) and World Bank (WB), 2016):

- Some groups are increasingly marginalized, resulting in growing inequality between villagers, notably:
- Small-scale fishers in three of the poorest states/regions: Ayeyarwady, Magway and Rakhine;
- Villagers in several areas, in particular Magway Region and Rakhine State due to persistent weather-related problems;
- Households who are, due to a lack of both capital and productive labour, not sufficiently able to benefit from a variety of income streams, i.e. agricultural, non-farm and migrant sources.

A number of systemic factors contribute to high levels of vulnerability among informal workers, namely: weak, or for some workers, no coverage of labour laws; lack of inspection and enforcement;

and no social protection coupled with limited awareness of or access to information on labour rights. These factors enable abuse and exploitation including by employers, migration and job brokers and even family members or parents, and can contribute to human trafficking and forced labour situations. Domestic workers without labour or social protection, experience a range of labour rights violations as well as exposure to violence and harassment in the workplace without any access to labour complaints mechanisms.

Furthermore, people in informal employment often receive low and irregular incomes, a fact that plays an important role in assessing how they access social protection. Also, “[W]omen and youth usually have a higher share in unpaid family work and informal work, thus facing greater challenges in participating in national social protection systems and accessing benefits” (ILO, 2018: 2).

The above findings provide important pointers for dedicated social protection interventions and related support, including income generation and other measures to address vulnerability. There is also a need to strengthen the voice and accountability of informal workers.

3. Social protection for internal migrants and informal economy workers in Myanmar: current framework and challenges

3.1 Current social protection provisioning

3.1.1 Formal social protection provisioning, achievements and improvements

There are two main formal social security schemes in Myanmar: 1) the civil servant, military, and political personal pensions schemes for the public sector, regulated by the Civil Service Law and rules 2013 and Political Pension Law and Rules; and 2) social security schemes for the private sector, regulated by the Social Security Law (2012) and its rules (2014), which replaced the Social Security Act (1954).

Box 2: Social security definitions

Social security includes all measures providing benefits, whether in cash or in kind, to protect against risk, including, from –

- lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member;
- lack of access or unaffordable access to health care;
- insufficient family support, particularly for children and adult dependants;
- general poverty and social exclusion.

Social security schemes can be of a contributory (social insurance) or non-contributory nature.

Source: Social Protection Platform: Glossary

Under the mandate of the 2012 Social Security Law, the formal contributory social security system, operating under the SSB, provides for both a compulsory scheme and a voluntary scheme. All private companies with more than five employees carry the legal obligation to register their employees under the compulsory scheme; both employers and employees have to contribute. The Social Security Law covers all nine contingencies outlined in the Social Security (Minimum Standards) Convention, 1952 (No. 102), namely: medical care, sickness, unemployment, old age, employment injury, family,

maternity, invalidity and survivors' benefits, as well as housing benefits. Implementation of the branches is being phased in, and in 2014, the following branches were activated: healthcare, sickness, maternity and employment injury (including funeral grant). Coverage has increased, from 700,000 in 2014 to 1.4 million insurance-holder workers in 2020.²¹ Actuarial studies are currently taking place on activation of the unemployment branch.

The Social Security Law explicitly excludes daily wage earners, seasonal farming and fishery businesses, international organizations, non-profit organizations, street vendors, and other workers determined by MOLIP (Article 12). Nevertheless, the SSB has set up a voluntary scheme for employers and workers in establishments not covered by the compulsory scheme; self-employed persons; students, housemaids, international migrant workers, farmers and people who are "out of touch with the work place" (Social Security Law, Article 20). However, voluntary participants are required to pay both employer and employee contributions, which is expensive, and prices many informal economy workers out of participation, including internal migrants who work in the informal economy. At the time of writing, the SSB reported only 1,511 voluntary scheme members.

Unemployment insurance has yet to be activated, and is now a priority for the Government as the impact of Covid-19 has evidenced the limitations of the current system in mitigating social and economic shocks. As regards old-age provisioning, a contributory pension scheme established under the 2012 law has not yet been activated under the SSB. One of the other main pension arrangements is the Civil Servant Pension Scheme. Benefits are paid from the tax base, although the Government of Myanmar is contemplating reforms that would require civil servants to pay contributions. The Government has also proposed, as part of ongoing pension reform, the introduction of a mandatory provident fund scheme.

In addition, the Workmen's Compensation Act, 1923 (amended in 2005) is an employer's liability scheme run under the Department of Labour, MOLIP. It applies to all employees not covered by the Social Security Law, 2012 except those in the agricultural sector.²²

Despite progress, coverage remains low. Many employees who should be covered by the SSB scheme arrangements, are in fact not in the system, mainly as a result of non-registration on the SSB database. At the same time, social protection provisioning through compulsory contributions to the SSB schemes do not cover informal workers or informal economy workers. Employment injury benefits are not available to the typical informal economy worker because of their exclusion under the compulsory SSB scheme and also because agricultural workers are excluded under the employer liability framework provided for under the Workmen's Compensation Act of 1923.

Myanmar has a limited social assistance framework available to the poor and vulnerable. Public spending is still low but increasing. Development partners also play an important role, among others in relation to social assistance pilot programmes, emergency support and humanitarian relief (Infante-Villarreal, 2018: 74). The first Social Protection Strategic Plan (2014) was designed to reduce poverty and increase protection for the most vulnerable.²³ It is housed under the Ministry of Social Welfare, Relief and Resettlement (MSWRR) and provides for social assistance which is partially tax financed

²¹ See <https://www.globalnewlightofmyanmar.com/ssb-ilo-discuss-social-security-reforms/> (17 April 2020).

²² ILO. 2019. Myanmar National Occupational Safety and Health Profile – 2018. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---safework/documents/publication/wcms_719281.pdf (checked 28 April 2020).

²³ The Myanmar National Social Security Plan. Accessed at <http://www.dsw.gov.mm/en/node/2238> (checked 27th April 2020).

from the government budget and partially covered by the International Development Association Fund, as well as other donors. The plan introduced eight flagship programmes, including those for child allowance, disability, school feeding, and social pensions for those aged 65 and above. Implementation has begun in two of the programmes. The Maternal and Child Cash Transfer (MCCT) programme was piloted in 2017 and the social pension for older persons in 2018.

Key components of the social assistance system include –

- the MCCT: a universal cash allowance for all mothers (last six months of pregnancy) and children up to age two years. This programme has had a positive impact on the nutrition of mothers and children and is being rolled out incrementally across Myanmar (Maffioli *et al*, 2019);
- a social pension for older people was introduced in 2017 for all people aged 90 and above. The US\$ 7 monthly payment reached 32,000 people in its first year, rising to 43,439 in the 2018-2019 financial year. In 2019, the pension was extended to include those aged 85 and above. According to the 2014 Census, the total population of people aged 85 and over was 231,026.
- a number of child assistance programmes provided by different ministries, in addition to a contributory child benefit provided by the SSB (Villaruel, 2018: 78-79).

A major part of health provisioning occurs through the SSB Medical Scheme, but beneficiaries are saddled with high out-of-pocket expenses. Other financed health services are provided through community-based health insurance schemes, while in some cases free health services are available. In addition, the Ministry of Health and Sports (MOHS) provides several programmes for the general population, focusing in particular on maternal and child health (Infante-Villaruel, 2018: 77-78). These include provision of free medicine in MOHS facilities; free childbirth services for women with five or fewer children; free medical care for all children under five years; free emergency care; a hospital trust fund intended to cover the poor who cannot otherwise receive medical treatment; and a maternal and child health voucher scheme providing for some pre- and post-natal care. In addition, there are free medicine programmes for people with HIV/AIDS, malaria and tuberculosis; an expanded immunization programme; and free national nutrition programmes for people with specific deficiencies. Reform is under way to expand the supply of services.²⁴ Universal health coverage is foreseen by 2030. In this regard, a draft Social Health Insurance Bill is in preparation under the leadership of the MOHS. The strategy of the MOHS is to establish a new Single Purchasing Agency to purchase health care services for the entire population in a single pool. The Agency would rely on mixed funding: contributory through the SSB and tax financed for the poor and vulnerable, and most likely partial subsidies for non-poor workers in the informal economy.

Several achievements have been made by the Government of Myanmar in the last decade, with the comprehensive technical support of the ILO and donor support, notably:²⁵

- An increase in insured workers covered by the compulsory SSB scheme;

²⁴ ILO. 2014. Social protection assessment based national dialogue: Towards a nationally defined social protection floor in Myanmar. Available at: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-yangon/documents/publication/wcms_386563.pdf (checked April 29th 2020)

²⁵ Much of the information contained in this paragraph has been provided by senior governmental officials during a validation workshop held in Naypyidaw, Myanmar on 10 March 2020.

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- Legal reform, as well as administrative reform of the SSB system and service delivery, with the assistance of the ILO;
 - Streamlining of the two workmen's compensation systems: one based on the contributory SSB scheme modality and the other on an individual employer liability framework;
 - Administrative and institutional expansion of the health care system (e.g., upgraded infrastructure; dealing with medical staff shortages), and development of arrangements with private clinics to increase worker access to more outpatient care;
 - Envisaged further reform of the contributory system, in areas such as strengthening compliance and extending the geographical footprint of the SSB;
 - Expanding the social assistance system;
 - Learning from the experiences of other countries through study tours and exchanges.

Despite the above achievements and developments, it is evident that further improvements are required to make the social protection system in Myanmar more responsive, including to the context of informal economy workers and internal migrants in the informal economy (see section 3.1.3). Here the following may be highlighted, flowing from the discussion thus far (see, among others, Maffioli *et al*, 2019):

- The MCCT programme needs to be supported by stronger Social and Behavioural Change Communication (SBCC) measures to adequately address chronic malnutrition, with reference to knowledge building, thereby impacting on household savings and durable assets.
- Ways and means need to be found to increase coverage and to find more cost-effective ways to deliver social protection cash transfers, including the use of digital platforms, bearing in mind the high and growing internet penetration in Myanmar.

3.1.2 Informal social protection provisioning

Due to the limited availability of and access to publicly funded social protection measures, most people in Myanmar have to rely on informal support mechanisms, mostly involving relatives, friends, community and faith-based groups. Many families live in multi-generational households with working age people taking care of elderly parents and children. Social solidarity and traditional social and religious ethics lead people to help each other in times of hardship and in the absence of formalized systems of social protection (ILO, 2018: 2). These mechanisms could be engaged in designing and implementing formal systems: particularly positive effects have been seen in the west, south-east and Delta areas.

Social organizations, including community-based responses, play a vital role in addressing vulnerabilities and inequalities. There are good examples of formalized Inclusive Self-Help Groups (ISHGs) established with the involvement of Help Age. These groups operate at three levels: 1) community/village; 2) township (clusters of level 1); and 3) national (Older People Federation). According to Help Age, a total of 216 fully self-sustainable ISHG have been established. Their steering committees consist of 70 per cent older persons; and 30 per cent other vulnerable groups, including internally displaced persons and persons with disabilities. The ISHG make an important social security

contribution, as they harness income generation and donations for social security and related purposes.²⁶

Myanmar has a deeply embedded culture and tradition of grassroots community initiatives to deal with a range of social risks, including spontaneous responses to flooding, disasters and community needs, such as through the World Bank-funded National Community Driven Development Project (2012-2021). Development partners have also used community-based structures to help deliver donor-funded social protection programmes. Communities have therefore been involved in several respects, ranging from, but not limited to, the planning of interventions, beneficiary identification and programme delivery.

Informal community-based mechanisms of social security provisioning face several shortcomings, such as their limited ability to address covariant risks; their dependence on strong community cohesion which is particularly affected in conflict areas where communities are disintegrated and living in IDP camps; and the possibility of unequal distribution of welfare across the country depending on the stability of the region; the extent to which available resources are shared equally between all in the region or where such informal mechanisms are limited to certain membership criteria (i.e religion, ethnicity, gender, indigenous). Internal migrants, particularly recent internal migrants may therefore not be included in such provisions.

There is some potential to promote and strengthen informal support mechanisms as one strategy in the extension of social protection coverage, and to use donor-funded community-driven structures as part of a transitional approach from donor-led social assistance provision towards a more sustainable government-led system. However, this is a complicated strategy, as linking with top-down centralized structures can bring the risk of weakening community endeavours. To increase the chances of success, there would be a need to strengthen local-level government capacity and to increase reciprocal trust between community and government service providers (Infante-Villaruel, 2017).

3.2 Challenges relating to limited access to social protection

Legal coverage challenges: regarding issues of coverage, due to the legal restrictions applicable to access to the compulsory SSB scheme, construction workers and domestic workers, among others, can only access the voluntary scheme, but have to contribute on their own, effectively paying both the employer and employee contributions. For this and other reasons, the voluntary scheme has attracted only 1,511 members, according to information shared by the SSB. Furthermore, dependants of contributors are not covered, implying that many children of informal economy workers and of other vulnerable families would be excluded.

Challenges in accessing social protection: Many people in Myanmar lack social protection coverage; for others access to social protection is weak and insufficient. There are numerous reasons for this, including issues of coverage (legal restrictions); limited awareness of available provisions; contribution

²⁶ All ISHG's have their own fund(s), created and financed by income generation activities (e.g., calendar-making): 50 per cent of profit is used for community needs; 50 per cent for capital growth. They are trained in relation to financial management and raising funds (with Help Age involvement). They also address demand-side needs – e.g., buying rice in bulk and selling this below market price to village beneficiaries; they are also involved in the provision of other products, and services (such as transport for school children).

failure; system, service delivery and portability challenges; complicated procedures; non-possession of documentation needed to gain access to social security benefits; and unsustainable sources of funding.

Portability challenges: Considering the extent of internal migration in Myanmar, particularly for employment in the informal sector, there is a need to improve system interfacing to allow portability of contributions and benefits if beneficiaries move from one area to another in Myanmar; or between the formal and informal economy, and switch between contributing to the compulsory and voluntary scheme. The portability of contributions and benefits within Myanmar will require a streamlined system.

Administrative, and system delivery challenges: administrative procedures for social security registration and contribution payment are experienced as cumbersome, causing private enterprises (in particular MSMEs, which constitute 94 per cent of all enterprises in Myanmar) not to register. At the same time, complicated and fragmented business registration processes impact negatively on formalization and social security registration. For individual workers, not being in possession of a Citizenship Scrutiny Card, or a Labour Card, prevents access to the social security system. Registration for a Labour Card is itself a complicated process, requiring the applicant to be in possession of their National Registration Card, a neighbourhood council recommendation and a letter from the police on any criminal records. The application is most easily made in the applicant's township of residence. Service delivery problems exacerbate the lack of trust in government services and lead to an unwillingness to contribute on the part of some employees and employers.

Funding and data challenges: Funding the system is at times also problematic. This flows partly from inadequate contribution income, and partly from non-sustainable donor funding or support to non-contributory benefits. The extent of challenges is not possible to analyse as at present there is no available data on contributions to the SSB.

4. Extension of social protection to informal economy workers and informal employees: conceptual and normative framework – comparative perspectives

4.1 Conceptual framework: general considerations and domestic legal systems

This part of the report focuses on the **value of a conceptual framework** relating to the informal economy and informal employment, and in particular on the value of **using, and developing, conceptual arrangements** to achieve social protection **coverage extension**. While it essentially confirms the Myanmar view of some of these definitional arrangements (see section 2.3), it also provides **further perspectives** on the conceptual framework, which could be of value for the debate on extending social protection in Myanmar.

The concept of “**informal sector**” originated in the Institute of Development Studies of the University of Nairobi and was popularized in a report by the ILO conducted in Kenya in 1972. However, this term is fraught with conceptual challenges; it has been suggested by Reynaud that the term “**informal economy**” is more appropriate (Reynaud, 2002: 2). Reynaud emphasizes the difficulties in using the word “sector”. He states that the informal economy can no longer be called a sector “since it covers all sectors and all categories of workers: wage earners, the self-employed, home workers and unpaid family

workers, etc.” Both these phrases fail to fully encapsulate the nature of what they are explaining. Activities within the “informal sector” fall into a variety of sectors, often with no similarities, while “informal economy” fails to illustrate the significant grey areas between the informal and formal economy. It is **nevertheless suggested** that, for purposes of the debate on extending social protection in Myanmar, **reliance be placed on the notion of “informal economy”**, as increasingly appears to be the practice elsewhere in the world.

In considering extending social protection to those operating in the informal economy in Myanmar, it is also important to **appreciate the scope of the meaning of “informality”**. From the discussion below, it is apparent that activities, which **in law or practice are not covered** by formal arrangements, would be included under the informality notion.

The consensus appears to emphasize that, from a legal perspective, informality encapsulates those activities falling out of the reach of law:

“By definition, activities by informal economy workers and units are not covered or insufficiently covered – in law or in practice – by formal arrangements. This means notably that informal economy workers have no access to formal social security associated with employment (social insurance in particular) and to the protection provided by labour laws on working conditions (wages, leaves, working hours, occupational health and safety, etc.) (ILO, 2008: 12).

The ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), states that the term informal economy:

(a) refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements; and

(b) does not cover illicit activities, in particular the provision of services or the production, sale, possession or use of goods forbidden by law, including the illicit production and trafficking of drugs, the illicit manufacturing of and trafficking in firearms, trafficking in persons, and money laundering, as defined in the relevant international treaties”.

It has therefore been suggested that the informal economy is not “an individual condition but a process of income generation characterized by one central feature: it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated.” (Castells & Portes, 1989: 12; see also ILO, 2008: 2).

Particularly influential is the definition adopted by the International Conference of Labour Statisticians (ICLS). In 2003 the 17th ICLS moved from an enterprise-based to an employment-based definition:²⁷

“Instead of focusing on the formality of the enterprise, an employment-based definition defines informality in relation to the employment characteristics of the individual. According to this approach, individuals are considered to be in informal employment if their employment relationship is, in law or in practice, not subject to national labour legislation, income taxation,

²⁷ The ILO-ICLS *Guidelines concerning a statistical definition of informal employment* (17th ICLS, 2003) suggest that the definition of informal employment should be understood to include the following job types:

- (i) own-account workers employed in their own informal sector enterprises;
- (ii) employers employed in their own informal sector enterprises;
- (iii) contributing family workers, irrespective of whether they work in formal or informal sector enterprises;
- (iv) members of informal producers’ cooperatives;
- (v) employees holding informal jobs (as defined in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households);
- (vi) own-account workers engaged in the production of goods exclusively for own final use by their household.

social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.) (Department of Social Development South Africa, 2014: 32).

According to the 19th ICLS, 2013, work is defined irrespective of its formal or informal character or the legality of the activity. The concept is based rather on the notion that work consists of activities carried out for the production of goods or services for one's own final use or for the final use of others and provides significant conceptual space to expand legislative and social protection across all forms of work. Informal work or employment have effectively been mainstreamed in the notion of "work".

Informal employment,²⁸ which is not restricted to the informal economy, has been described as:

"The two main categories of informal employment, wage employment in jobs without social protection and self-employment in unincorporated enterprises, can be further disaggregated into different categories of employment relationships. Self-employment consists of own-account workers and employers of informal enterprises who hire other workers. The conditions of these two categories are often very different. Wage-employment includes informal employees of both formal and informal firms, subcontracted workers, wage workers for households (domestic workers), and wage workers with no fixed employer (casual day workers)" (European Commission, 2012: 1-2 (emphasis added); Lund, 2012: 12-15; Olivier, Andrianarison. & McLaughlin, 2013: 74).

However, there is a vast and growing range of other forms of work that cannot be regarded as either self- or wage-employment. Much of this takes place in supply chain contexts, where there may be no relationship with an employer, but at best with a "provider" or "user" of work. Others may be working in the care economy (Lund and Srinivas, 2000: 3). This may hold particularly important consequences for the Myanmar debate on extending social protection to informal workers, as the Myanmar Labour Force Survey definition of "informal employment" assumes paid employment which may or may not be a characteristic of those operating in the care economy, depending on the circumstances. In other words, an attempt to extend insurance-based social protection to all of those involved in the care economy in Myanmar, on the basis that they perform "work", and to those who perform work for others, but not for an employer (as is the case with many supply chain workers), would have to be sensitive to these considerations, and may require alternative approaches to ensure appropriate social protection coverage. These alternative solidarity-informed approaches to support extension could, for example, take the form of government subsidies, redistribution involving a wider range of contributors, and other measures. As regards supply chains, as indicated below, the 2016 ILO Resolution concerning decent work in global supply chains²⁹ suggests the adoption of special interventions, such as "legislation on responsibility down the chain, sometimes providing for cross-border regulation of supply chains".

Over time, the borderlines between formal and informal have increasingly become fluid and blurred as formal employment has decreased in many countries, and as people tend to move out of formal into informal and non-traditional employment, and vice versa, more readily than in the past. There is,

²⁸ Different from how it may be regarded in the so-called developed economies, informal employment is not generally regarded as illegal or irregular in the developing world, but as a standard way of life and income generation (Lund, F "Work-related social protection for informal workers", in *International Social Security Review* Vol 5 (4), 2012, pp 13-14). In fact, as recently noted by a specialist in this area, informality is a survival strategy for many, and its nexus with poverty needs to be appropriately addressed (Gomes, A. 2019. "Labour law, informality and poverty" Paper presented at the Fourth Labour Law Research Network Conference (LLRN), 23-25 June (Valparaíso, Chile).

²⁹ https://www.ilo.org/ilc/ILCSessions/previous-sessions/105/texts-adopted/WCMS_497555/lang--en/index.htm

therefore, both a continuum and a fluidity or mobility between the formal and informal economy (Barrientos & Barrientos, 2002; Fudge, 2012: 7-8). It has been indicated that this is also a particular phenomenon of the Myanmar labour market. This requires the adoption of dedicated social protection modalities that ensure coverage for all workers, despite their movement in and out of formal and informal employment.

The significant variety of informal economy participation and informal work modalities clearly have important policy and design implications for social security frameworks that are tailor-made to cover and serve those in the informal economy. As noted in a recent contribution on social security for informal economy workers in Latin America: “Their heterogeneity calls for innovative solutions.” (Ortiz, 2019: 158)

Furthermore, one should be careful not to rely on standard classifications in this area; as “informal sector heterogeneity continues to defy easy generalizations.” In their 2012 contribution, based on a representative sample from seven capital cities in francophone West Africa, Grimm, Knorringa and Lay commented on the needs experienced by a sizeable group of informal economy entrepreneurs, who generally lack access to capital, insurance and productive infrastructure. Appropriate social protection policy interventions would therefore require addressing these shortcomings, including the provision of insurance to cover important household-related risks, such as health shocks and death (Grimm, Knorringa & Lay, 2012: 27-28). Further examples of national approaches to defining and extending the informal sector definitions can be found in section 5.1 of this paper.

The example of labour law coverage and occupational health and safety extension: When considering options to extend social protection to those who work in an informal context, Myanmar could take note of the current international debate on the nature and scope of, as well as boundaries of labour law, as is the case with occupational health and safety laws. In these areas, there has been a quest for redefinition, prompted by changes in the nature of the labour market and the ever-increasing forms of work, notably the growth of several non-standard forms of employment. Specifically, in an increasing range of countries, including developing countries, attempts to deliberately expand the concepts of “work” and “workers” or “employees” through labour law have particular relevance to the debate on social protection extension and consistency with labour law, as workers are affected simultaneously by labour law and social protection (legal) arrangements. The extensive “work”/“worker”/“workplace” concepts being used in modern occupational health and safety (OHS) laws need to be noted. OHS liability essentially extends to any form of work and invariably no longer requires a specific physical workplace.

The discussion on the challenges of definition may be summarized as follows.

- Some evolution in conceptual understanding is discernible, for example from “informal sector” to “informal economy”.
- It is clear that the informal economy, also in the Myanmar case, would often include workers who do not work for an identifiable employer in the context of an existing employment relationship, implying therefore that there is no employer who could contribute towards social security provisioning for these workers.
- The focus is on workers not covered by current legal protection, neither legally nor factually, especially in social security terms.
- Informal employment is now understood with reference to the employment characteristics of the individual, and not merely with reference to the size, or nature, of the enterprise.
- Recent conceptual approaches make it clear that informal work is effectively mainstreamed in the notion of “work”.

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- “Informal employment” and “informal workers” have to be defined in wide terms, to capture the range of those involved in the informal economy or who otherwise work informally.
 - Much can be learnt from labour law developments, in terms of the value of and possibilities arising from conceptual widening.
 - Yet, despite the developments indicated above, consistency is often lacking, especially at national level, in how these terms are defined.

4.2 Normative framework: international standards

This part of the report reflects on international standards relating to the extension of social protection to those in the informal economy. Such standards increasingly stress that it is incumbent on countries to extend social protection to both the formal and informal economy, emphasize the decent work and human rights based underpinnings of such extension, and provide some pointers towards choices countries may have when embarking on an extension programme, indicating that extension may have to be pursued gradually. They also highlight the need to consider the contributory capacity and the actual needs of those in the informal economy and their dependants, as well as the need to consult with representatives of informal economy workers when coverage modalities are contemplated.

Older ILO and other international standards paid scant attention to the social security position of informal economy workers. To some extent,³⁰ this has been changing. The ILO Social Protection Floors Recommendation, 2012 (No. 202) made specific reference to the social security plight of such workers. It mentions, as one of the principles to be applied, “social inclusion, including of persons in the informal economy” (paragraph 1(e)). Paragraph 15 in turn suggests that “social security extension strategies should apply to persons both in the formal and informal economy ...”.

The ILO Recommendation on the transition from the informal to the formal economy, 2015 (No. 204) went further, by affirming that the transition from the informal to the formal economy is essential to achieve inclusive development and to realize decent work for all. Paragraph 18 states that [ILO] –

“18. Through the transition to the formal economy, Members should progressively extend, in law and practice, to all workers in the informal economy, social security, maternity protection, decent working conditions and a minimum wage that takes into account the needs of workers and considers relevant factors, including but not limited to the cost of living and the general level of wages in their country.”

Coverage of social insurance should progressively be extended to those in the informal economy, and administrative procedures, benefits and contributions should be adapted in accordance with the contributory capacity of those in the informal economy.³¹ In relation to the need to consult appropriately with institutions representing the interests of informal economy workers, the Recommendation requires “consultation with the most representative employers’ and workers’ organizations, which should include in their rank, according to national practice, representatives of

³⁰ But note that not even the ILO Convention on Decent Work for Domestic Workers, 2011 (No. 189) includes self-employed domestic workers, as Article 1(b) of the Convention defines a “domestic worker” to mean any person engaged in domestic work within an *employment relationship*.

³¹ ILO Resolution concerning decent work in global supply chains (2016) , paragraph 20.

membership-based representative organizations of workers and economic units in the informal economy” (see in particular paragraphs 6, 34, 38 and 39 of the Recommendation).

Within the context of global supply chains, which tend to increasingly rely on informal economy workers, the 2016 ILO Resolution concerning decent work in global supply chains highlights the importance of an intervention such as “legislation on responsibility down the chain, sometimes providing for cross-border regulation of supply chains” (ILO, 2016).³² The ILO Convention concerning the elimination of violence and harassment in the world of work, 2019 (No. 190) indicates that the Convention applies to all sectors, whether private or public, “both in the formal and informal economy, and whether in urban or rural areas” and protects “persons working irrespective of their contractual status”.³³ Article 6 requires that “each Member shall adopt laws, regulations and policies ensuring the right to equality and non-discrimination in employment and occupation, including for women workers, as well as for workers and other persons belonging to one or more vulnerable groups or groups in situations of vulnerability that are disproportionately affected by violence and harassment in the world of work.” Ratifying States are to take appropriate measures to prevent violence and harassment in the world of work, including by: “(a) recognizing the important role of public authorities in the case of informal economy workers” (Article 8(a)).

The recent ILO Centenary Declaration for the Future of Work (2019) calls upon all ILO Member States to further develop their human-centred approach to the future of work by:

“Strengthening the institutions of work to ensure adequate protection of all workers, and reaffirming the continued relevance of the employment relationship as a means of providing certainty and legal protection to workers, while recognizing the extent of informality and the need to ensure effective action to achieve transition to formality. All workers should enjoy adequate protection in accordance with the Decent Work Agenda, taking into account:

- (i) respect for their fundamental rights;
- (ii) an adequate minimum wage, statutory or negotiated;
- (iii) maximum limits on working time; and
- (iv) safety and health at work.³⁴

UN standards also cover those who work in the informal economy. The International Covenant on Economic, Social and Cultural Rights (ICESCR, 1966) in particular article 9, is important for informal economy workers for two reasons. First, the majority of developing countries (including ASEAN Members, and Myanmar itself) have ratified this instrument. Secondly, General Comment No. 19 (on article 9 ICESCR) requires a ratifying country to cover informal economy workers, and expects governments to respect and support social security schemes developed within the informal economy, such as micro-insurance schemes. Despite limited financial capacity, countries should consider lower-

³² Ibid, paragraph 9.

³³ ILO Convention concerning the elimination of violence and harassment in the world of work, 2019 (No. 190), Article 2(1) and (2) respectively.

³⁴ ILO Centenary Declaration for the Future of Work (2019) part III.B (emphasis added).

cost and alternative schemes to provide for marginalized groups, and they should ensure the progressive inclusion of informal economy workers in social security arrangements.³⁵

Two other foundational UN documents support the right of informal economy workers to appropriate social security. The 1948 UN Declaration of Human Rights stipulates in Article 22 that –

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

Article 25(1) in turn emphasises that “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including ... the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.” The UN Sustainable Development Goals 2030, building on the premise of ending poverty in all its forms everywhere, and that no one should be left behind, stipulates that countries should “implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.”³⁶

5. Extension of social protection to informal economy workers: comparative approaches

This part of the report summarizes the lessons that may be learned from developments in other countries, particularly those in the developing world. The first part of the discussion considers initiatives at conceptual or regulatory level, examining the different modalities employed to achieve social security coverage for informal economy workers, and the need to take into account flexibility concerns and arrangements that are supportive of coverage extension. This is followed by a reflection on measures taken by a number of individual countries. This part closes with a conclusion.

Several innovative attempts have been made, especially in recent years, to extend coverage to informal workers in developing countries (Olivier, 2014: 215-230). The attempts embrace both conceptual and regulatory developments, institutional initiatives, as well as tailor-made design options. In addition, supportive arrangements, including a focus on stakeholder consultation, communication and an informal sector enabling framework, are important. These developments, discussed below, cover employment-related protection, i.e. that part of the system mainly captured by contributory arrangements, as well as social assistance provisions.

³⁵ UN Committee on Economic, Social and Cultural Rights, General Comment No. 19, 2007.

³⁶ UN *Sustainable Development Goals 2030* (2015) Target 1.3.

5.1 Key global developments

5.1.1 Conceptual and regulatory developments ³⁷

Some countries have addressed exclusion from social protection by redefining the concept of employee and worker or the informal economy in legislation governing social security coverage.³⁸ Innovative conceptualization can have wide applications to extend social protection access. For example, adopting appropriate regulatory techniques to comprehensively cover supply chain scenarios would support extension of protection (Lund, 2012: 23-24, 26).³⁹ In fact, as indicated above, the 2016 ILO Resolution concerning decent work in global supply chains highlights the importance of an intervention such as “legislation on responsibility down the chain, sometimes providing for cross-border regulation of supply chains (ILO, 2016).”⁴⁰ The following examples are illustrative:

- **India:** The Unorganised Workers’ Social Security Act (Act 33 of 2008) adopted a deliberately extensive notion of the “unorganised sector”, and of who is defined as an employer and a worker for the purposes of covering those working in the informal economy (section 2(k)).⁴¹ The Draft Code on Social Security (2019) employs a range of concepts and definitions to ensure coverage of several categories of those who work in the informal economy. For this purpose, provision is made for dedicated definitions of “unorganised sector”,⁴² “unorganised work”,⁴³ “wage

³⁷ Some of the rest of this part is largely dependent on a presentation made by Olivier (2014) entitled *Expanding the boundaries of social security protection for informal economy workers in developing countries* (paper presented at the Labour Law Research Network Conference, Toronto, Canada), and subsequently adjusted and incorporated as Olivier, M. 2019. “Social security protection for informal economy workers: Developing world perspectives”. In Westerfeld, M. & Olivier, M. (2019), *Social Security Outside the Realm of the Employment Contract: Informal Work and Employee-like Workers*. (Elgar) pp. 2-29.

³⁸ See Olivier *Work at the margins of social security* 220, on which the rest of this sub-paragraph partly relies.

³⁹ Important developments in this area have occurred in developed countries’ jurisdictions, such as Australia, although even here the developments are still piecemeal and sector-focused: see Rawling, M. (2006), “A generic model of regulating supply chain outsourcing”, in Arup, C., Gahan, P., Howe, J., Johnstone, R., Mitchell, R. & O’Donnell, A. (eds.) *Labour law and labour market regulation* (Sydney: Federation Press) (2006).

⁴⁰ ILO Resolution concerning decent work in global supply chains (2016), paragraph 9.

⁴¹ *Unorganised Workers’ Social Security Act* (Act 33 of 2008), section 2(k).

⁴² Defined as “an enterprise owned by individuals or self-employed workers and engaged in the production or sale of goods or providing service of any kind whatsoever, and where the enterprise employs workers, the number of such workers is less than ten” – *Draft Code on Social Security* (2019) (India) – accessible at https://labour.gov.in/sites/default/files/THE_CODE_ON_SOCIAL_SECURITY%2C2019.pdf, clause 2(xxxxxvii).

⁴³ Defined as “a home-based worker, self-employed worker or a wage worker in the unorganised sector and includes a worker in the organised sector who is not covered by the Industrial Disputes Act, 1947 or Chapter III to VII”; clause 2 (xxxxxviii).

worker”; “self-employed worker”,⁴⁴ “gig worker”,⁴⁵ “platform work”,⁴⁶ and “platform worker”⁴⁷ (see clause 2). On the basis of these definitions, provision is made in the Draft Code for the establishment of dedicated social security schemes. The definitional extension can also occur on an industry basis. For example, in the beedi industry (hand-rolled cigarettes), the Beedi and Cigar Workers (Conditions of Employment) Act in India⁴⁸ covers a person employed directly or through any agency who is given raw materials by an employer or contractor: in this way, outworkers and home workers are included (Sankaran, 2012: 44).

- **Thailand:** The informal sector is considered to include enterprises with fewer than ten employees, typically operating with a low level of organization on a small scale, low and uncertain wages and no social welfare and security. Informal employment refers to workers not covered by labour law and without social security coverage from formal employment, including agriculture (Nguyen & Cunha, 2019: 123).
- **Viet Nam:** The informal economy comprises the active area for all business production units which have not been legally registered, and which produce products and services for sale or barter without registration. Informal employment refers to workers without compulsory social insurance or without a labour contract with one-month term and over (excluding agriculture) (Nguyen & Cunha, 2019: 123).
- **Tanzania:** the Social Security (Regulatory Authority) Act defines the “informal sector” as the sector including workers who do not have an employment contract or another contract encapsulated under the definition of employee (Social Security (Regulatory Authority) Act 8 of 2008, section 3).

5.1.2 Extension of existing schemes to the informal economy and making participation compulsory

In some cases, existing contributory schemes have been extended to include at least some informal worker categories, as well as the self-employed. For example, unemployment insurance and labour law arrangements, impacting also on broader social security, have been extended to domestic workers in South Africa (Lund, 2012: 26; Olivier, 2009: 23-27). Extension of coverage on a compulsory basis to

⁴⁴ Defined as “any person who is not employed by an employer, but engages himself in any occupation in the unorganised sector subject to a monthly earning of an amount as may be notified by the Central Government or the State Government from time to time or holds cultivable land subject to such ceiling as may be notified by the State Government” – clause 2(xxxxviii).

⁴⁵ Defined as “a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship” – clause 2(xxvii).

⁴⁶ Defined as “an employment form in which organizations or individuals use an online platform to access other organizations or individuals to solve specific problems or to provide specific services in exchange for payment – clause 2(xxxxvia).

⁴⁷ Defined as “ a person engaged in or undertaking platform work” – clause 2(xxxxvib).

⁴⁸ Act 32 of 1996.

the self-employed is another important step⁴⁹ taken notably in a number of Latin American countries, as well as in several ASEAN countries, as described below. Traditionally, in developing countries, there was little incentive for the self- and informally-employed to join existing contributory schemes, which were accessible to them on a voluntary basis. In an attempt to increase coverage, certain Latin American countries have started making participation in these schemes compulsory, supported by incentives such as access to other social security benefits (for example, family allowances) and lowering the contribution rate for low-income self-employed persons.⁵⁰ One example of the extension of compulsory coverage concerns Uber drivers in Uruguay: Uber and comparable companies can only operate in the country on condition that they ensure mandatory social security coverage for all drivers (Nguyen & Cunha, 2019: 76). As remarked by Mesa-Lago, the few Latin American countries that require compulsory membership have better and more effective coverage (Mesa-Lago, 2008: 389).

Several ASEAN countries, including the Philippines and Singapore, have incrementally made participation in contributory social security schemes compulsory, at times with the support of government subsidies.⁵¹ Indonesia has also been gradually extending its mainstream contributory social security arrangements to the self-employed (Nguyen & Cunha, 2019: 61). This development is particularly notable in the area of health coverage, where universal health insurance schemes have incrementally been established and expanded to include persons irrespective of work status, for example in Viet Nam. In addition, several ASEAN countries have extended forms of universal social protection to children and families, through tax-financed cash transfers (Nguyen & Cunha, 2019: 32, 33, 65).

When designing strategies towards extension of social security coverage to informal economy workers, deciding whether to make participation compulsory is not an easy choice, particularly in situations where there is limited information on the contributory capacity of the workers. This is the case in Myanmar, as no representative qualitative study has yet been conducted to establish either the contributory capacity of Myanmar informal economy workers in general, or by sector of work, or income category. Forcing workers (and possibly their employers, where an employment relationship indeed exists) with low contributory capacities to pay contributions that they cannot afford may do more harm than good (ILO, 2019: 43). Similarly, there is need to phase in the extension of service supply and

⁴⁹ See in particular the recent ILO publication on lessons from international experience regarding the extension of social security to informal economy workers: ILO, *Extending social security to workers in the informal economy: Lessons from international experience* (ILO, 2019) 43-46.

⁵⁰ For example, in Chile the self-employed were meant to be fully mandatorily included in the national pension system by 2015, and in the health system as from 2016: see Mesa-Lago, C. "Social protection in Chile: Reforms to improve equity", *International Labour Review*, vol. 147 (4), 2008, pp. 377-402 at 394; see also Calvo, E., Bertranou, F. & Bertranou, E. "Are Old-age Pension System Reforms Moving Away from Individual Retirement Accounts in Latin America?", *Journal of Social Policy*, vol. 39(2), 2010, pp. 223-234 on 230, as well as Ortiz, P. A. "Informal and self-employed workers in Latin America: from an excluded category to an example of innovate inclusive measures" in Westerfeld, M. Olivier, M. (eds.), *Social Security Outside the Realm of the Employment Contract – Informal Work and Employee-like Workers* (Edward Elgar Publishing Ltd) (2019).

⁵¹ Regarding the Philippines, see MacKellar, L. *Pension systems for the informal sector in Asia* (Social Protection Discussion Paper, no 0903) (World Bank, 2009) pp 26-28. MacKellar remarked (on p 27):

"The new social security law enacted in 1997 mandated compulsory social security coverage of self-employed persons, regardless of their trade, business or occupation, with an income of at least 20.1 USD a month and not over 60 years old. As a result, the coverage of informal sector workers has tripled over the last 10 years, from 1.7 million in 1997 to 5.6 million as of September 2006. As of June 2006, out of the 26.5 million individuals that were registered with the social security system in the Philippines, around 21 per cent were informal sector workers, up from 8.8 per cent in 1997."

increase the efficiency and effectiveness of delivery systems alongside any increase in demand that would result from extended entitlement to coverage. Extension of coverage would need to be timed in hand with development of service provision to ensure trust in the new system and willingness to contribute.

That is one of the reasons why many governments decide to extend coverage on a voluntary basis. Yet, many examples show that voluntary coverage rarely leads to a significant extension of effective coverage. In many cases, less than 10 per cent of those entitled to contribute, actually do so. In Viet Nam workers who are not covered by the mandatory social insurance scheme can also participate in the voluntary regime; however, to date just 1.3 per cent of all workers have joined.⁵²

There are three key reasons why voluntary coverage is unlikely to be effective (the same applies to micro and community-based insurance)(ILO, 2019: 44):

- Adverse selection can overwhelm voluntary or small schemes, which tend to attract those with pre-existing conditions, ultimately making insurance rates unaffordable.
- Voluntary and community schemes are associated with small risk pools which cannot absorb large shocks, such as epidemics or natural disasters.
- Promotion of voluntary schemes can create dysfunctional incentives for enterprises wishing to offload insurance costs to workers.

5.1.3 Embracing the whole informal economy and establishing universal schemes

Some governments have extended existing arrangements to the entire informal labour market. India⁵³ and Indonesia⁵⁴ are examples of countries that adopted overarching framework legislation aimed at extending social protection to the whole of the informal economy and to informal workers generally. Another example of this approach concerns the creation of targeted schemes for informal workers. The Ghana Informal Sector Fund⁵⁵ and the Kenya Mbao Pension Scheme (Njuguna, 2012: 86-88) serve as useful examples, having attracted sizeable memberships in the few years since they were established, also as the result of design features sensitive to informal workers.

Establishing universal schemes has become the hallmark of achieving extended coverage. Risk-category schemes based on a dedicated legal mandate or policy framework have been introduced, in particular universal health insurance schemes in a growing number of countries, including several

⁵² Information provided by Viet Nam Social Security: see Olivier, M. (2020) *Viet Nam Social Protection Law Reform: An Integrated Framework* (draft report submitted to the ILO).

⁵³ *Unorganised Workers' Social Security Act*, Act 33 of 2008. See also 5.2.3 below.

⁵⁴ *National Social Security Law of Indonesia*, Act 40 of 2004.

⁵⁵ Informed by an extensive consultative process initiated by a presidential commission, the Fund provides for flexible contribution modalities and a two-tier tailor-made benefit arrangement, which ensures both long-term benefits and the opportunity to utilise funds for a range of core needs; in a short space of time 90,000 informal workers have initially joined the Fund. See 5.2.4 below.

ASEAN countries, such as the Philippines, Thailand⁵⁶ and Viet Nam,⁵⁷ as well as some African countries, such as Ghana and Rwanda.⁵⁸ Comprehensive pension schemes have also been introduced for rural and urban workers in China.⁵⁹ All of these schemes have achieved remarkable coverage in a short space of time.

5.1.4 Adopting a sector-by-sector approach and achieving comprehensive protection through gradual extension

In some countries informal workers have been included sector by sector, usually on the basis of separate or dedicated schemes. Rather than attempting to solve the problem on an informal economy-wide basis, policymakers have chosen key sectors to increase coverage. One example is the welfare funds established in India. They are financed through levies collected from selected employers and manufacturers (Lund, 2012: 23), and provide a range of benefits, including social security-related benefits such as medical care and maternity benefits. At a state level, a tax (cess) can be imposed by state governments on the aggregate output of selected industries (for example, the Beedi Welfare Fund is financed by a tax on beedis) (Olivier, 2009: 15).

Another prominent example is the path taken in Tunisia whereby gradualist sector-by-sector schemes have been established, embedding tailor-made solutions, provisions and prescriptions for particular groups of workers in the informal economy. This approach includes the introduction of realistic income scales and establishes the lowest income bracket within occupations for purposes of contributions by the insured person (physician, architect, shopkeeper, and so on). It also takes into account the size of the firm or farm, supported by educational and promotional programmes when assessing the value of income protection (Chaabane, 2002; Economic and Social Commission for Western Asia (ESCWA), 2016; ISSA and SSA, 2017: 234). Sector-based approaches have also been used in South Africa's domestic worker environment.⁶⁰

Achieving comprehensive social protection coverage (for example in the case of national social health insurance) often implies a progressive extension of coverage over a period of time, commencing with certain sectors, or categories of persons, and incrementally bringing others into the fold. Invariably it also implies that different components of existing social protection provision are integrated to achieve this purpose. Viet Nam is an example of a country that has employed both these strategies to achieve

⁵⁶ See 5.2.2 below as well as Damrongplisit, K. & Melnick, G. (2009), "Early results from Thailand's 30-baht health reform: Something to smile about", *Health Affairs*, vol. 28 (3), 2009, p. 457.

⁵⁷ See 5.2.1 below.

⁵⁸ See 5.2.4 below. Other African countries that have decided to go this route (although implementation may still be absent, or not fully realised) include Benin, Côte D'Ivoire, Gabon and Nigeria.

⁵⁹ The voluntary rural and urban pension schemes were introduced in 2009 and 2011 respectively, and are (co-)funded by government through matching contributions. By the end of the first quarter of 2012, 376 million people were already participating in the two schemes, despite weak incentives to contribute above the minimum (see Dorfman, M., Wang, M. O'Keefe, P. & Cheng, J. 2012. "China's pension schemes for rural and urban residents", in Hinz, R., Holzman, R., Tuesta, D. & Takayaka, N. (eds.) *Matching contributions for pensions* (Washington, DC, The World Bank, 2012) pp 217-241; Servais, J. (2012) "The new ILO Recommendation on social security" *E-Journal of International and Comparative Labour Studies* 2012, vol. 1 (3-4), pp. 1-26 at 14.

⁶⁰ See 5.1.2 above.

comprehensive social health insurance coverage.⁶¹ It has taken Viet Nam more than 30 years since its first pilot to achieve the current high level of coverage of social health insurance. One of the key components of achieving comprehensive coverage has been the focus on integrating diverse elements of the broader health care system. In particular, integrating the compulsory and voluntary parts of the system in a mandatory regime in 2005, as well as the Health Care Fund for the Poor⁶² into the national health insurance scheme in 2008, has been important in synchronising social health insurance in Viet Nam.

5.1.5 Comparative experiences: tailor-made design modalities

Design characteristics, in the form of specialized contribution modalities, relaxed entitlement criteria and context-sensitive benefit packages for the informal economy as a whole, or for particular sectors, have assisted in addressing the challenge as to why informal workers were unwilling, if not unable to participate in the past (Olivier, 2009: 15-17; Servais, 2012: 4). Contribution modalities include –

- allowing informal workers to contribute to the extent of their ability at a frequency that suits their particular context and contributory capacity, for example, in Ghana and the Philippines;⁶³
- adopting realistic income baselines for the calculation of contributions, for example, in Tunisia;

⁶¹ See 5.2.1 below, and Olivier, 2020.

⁶² Under the Health Care Fund for the Poor, beneficiaries were enrolled in Viet Nam Social Security's Social Health Insurance Scheme: ILO *Expanding Social Health Protection: Towards Equitable Coverage in Viet Nam* (2019).

⁶³ Regarding Ghana, this is provided for within the framework of the Ghana Informal Sector Fund, referred to above and below. In the Philippines, in addition to compulsory arrangements, the Philippines Social Security System has adopted several flexible approaches to meet the requirements of informal sector workers who do not have access to formal banking arrangements and who are only able to contribute irregularly, by introducing the following programmes and (in the process) partnering with organized informal sector groups (ISGs) and Local Government Units (LGUs) (see Mines, J. *Moving towards inclusive growth: The Philippine Social Security System* (Philippine Social Security System) (2015), accessed at:

https://www.sss.gov.ph/sss/DownloadContent?fileName=2015_Updated_ISSA_Report_on_ISCoverage_FINAL.pdf on 1 February 2020):

- 1) AlkanSSSyA Program for the self-employed in the services sector;
- 2) Servicing and/or Collecting Partner Agent Agreement for cooperatives and microfinance institutions;
- 3) Contribution Subsidy Program for farmers and workers in the agricultural sector;
- 4) Coverage Program for government job order and contractual (JO/C) workers; and
- 5) MuniSSSiPyo-Collect Program for unbanked areas or provinces.

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- topping up small contributions of poor workers with government subsidies, for example in India,⁶⁴ Rwanda,⁶⁵ Tanzania, Thailand,⁶⁶ and Viet Nam.⁶⁷

Relaxed entitlement criteria allow informal workers to access benefits without complying with lengthy periods of contribution or other onerous conditions. The case studies of Ghana and Rwanda below provide examples of such an approach.⁶⁸

Dedicated, context-sensitive benefit arrangements are addressing the key short and long-term needs of informal workers. They may initially focus on the most urgent felt needs of informal economy workers. Also, they may not include all the traditional social security benefit categories, but simultaneously provide for the use of benefits towards other core needs, such as education.

5.1.6 Supporting arrangements: consultation, communication and an enabling framework

Extending coverage to and enhancing social security-related protection of the informally employed cannot be achieved in isolation. There are at least three key areas of intervention required to ensure a suitable context of coverage and protection is in place.

Stakeholder consultation: first, there is a need to ensure that appropriate stakeholder consultation takes place, to determine concrete options, consider challenges and solutions in relation to extending coverage to the informally employed and developing suitable protection modalities for them. Relevant options, dealing among others with appropriate contribution rates and payment modalities, eligibility criteria, and dedicated benefit regimes, have to be considered and, once revised and adopted, submitted for implementation. Worldwide experience has shown that successful coverage extension and suitable forms of social security protection for those who work informally have been preceded by thorough consultation with stakeholder groups and institutions. In fact, this is also called for by prevailing international standards.⁶⁹ While consultation would have to involve the targeted groups themselves, the consultative team itself has to have a high-level status, and preferably reflect stakeholder group representation. In some countries the introduction of suitable arrangements for covering the informally employed was preceded by a thorough consultative process conducted by a presidential⁷⁰ or government-appointed⁷¹ commission.

Communication: secondly, there has to be thorough communication of envisaged new arrangements. In particular, those who are affected by the new arrangements, including informally employed workers

⁶⁴ Both the Union Government and State Governments in India contribute comprehensively to top up small informal worker contributions in relation to social security schemes which focus on including informal workers: see, among others, Dorfman, J. *et al.* (2013). *China's Pension System: A Vision* (World Bank) pp. 99, 125.

⁶⁵ See 5.2.4 and 5.2.5 below.

⁶⁶ See 5.2.2. below.

⁶⁷ See 5.2.1 below.

⁶⁸ See 5.2.4 below.

⁶⁹ See 4.2 above.

⁷⁰ E.g., Ghana.

⁷¹ E.g., India.

and, where relevant, their providers of work, have to be properly informed. Given the national relevance of such arrangements, awareness-raising interventions targeting the general public also have to be introduced.

Enabling framework: thirdly, extending coverage and enhancing protection would require that a proper enabling framework has been established and is operational. To participate meaningfully, informally employed people would initially require support: from both a broader policy and operational perspective, they have to be capacitated and enabled. Steps that would enhance the ability, in particular of those operating and working in the informal economy, to contribute to and access the new system have to be considered and introduced. Fixing the minimum wage at a level that would enable them to contribute would be one such step to be considered.

In addition, those operating in the informal economy are in need of access to credit, tailored banking services, transport, training and skills development packages, mentoring and appropriate business opportunities. Some of these matters are currently being addressed in, for example, the Indian context, including through linking of the Aadhaar biometric identification card facility to bank accounts in order to enhance financial inclusion. Overcoming supply and demand-side constraints, and access to markets are some of the core priorities to be addressed.

In essence then, government and other stakeholders would have to play a crucial promotional and developmental role to support those involved in the informal economy and enhance their capacity to participate meaningfully in the reformed social security framework. Of course, it is necessary to consider and evaluate costs and benefits. A government has to prioritize actions and spending and determine where attention should most crucially be focused.

5.2 Case studies

5.2.1 Viet Nam ⁷²

As is the case of Myanmar, the Vietnamese social security legal framework provides for both compulsory scheme coverage for wage employees; and voluntary scheme coverage including for self-employed and informally employed workers. Coverage of the compulsory scheme has incrementally been extended to a widening range of wage employees, including increasingly micro, small, and medium-sized enterprises (MSMEs). Yet coverage remains limited: 60 per cent of salaried workers are covered, despite variable government subsidies, suggesting unaffordability remains an issue. Other challenges include the lack of portability measures and weak enforcement affecting compliance.

At present, agricultural workers (21 million) are largely dependent on informal arrangements, while home workers, often engaged through complex sub-contracting arrangements, are excluded from the compulsory scheme. However, there is some measure of simplified enrolment and flexible payment schedules.

⁷² The information provided in this section has essentially been extracted from Olivier, M. (2020) ILO, *Extending social security to workers in the informal economy: Lessons from international experience* (ILO, 2019) 43, 44, 57, 73, 74, 75, 149; as well as Nguyen, Q. & Cunha, N. *Extension of social security to workers in informal employment in the ASEAN region* (ILO, 2019), 13, 14, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 42, 43, 48, 51, 52, 54, 57, 58, 59, 60, 61, 62, 63, 73, 82, while reliance has also been placed on the provisions of several laws.

Even in the formal economy, many workers are informally employed, or working for unregistered sub-contracted enterprises. As a result, in the construction industry, 3.4 million of 3.8 million workers are uncovered by social security and many would only be eligible for voluntary enrolment. This has a strong negative impact on accessing the formal compulsory social security scheme; while there is weak inspection and law enforcement.

The voluntary scheme, providing more limited benefits, is weak and largely ineffectual with only about 570,000 members, representing 1.3 per cent of all workers, despite limited government subsidies. Non-governmental schemes, in the form of micro-insurance and community-based health insurance schemes are also in existence, yet with weak coverage levels.

Social health insurance in Viet Nam is driven by strong political and constitutional commitment to make comprehensive health care available to the Vietnamese population through a dominantly tax financed, social health insurance scheme, and is underpinned by a dedicated legal, policy and strategic framework. Following a three-year pilot, social health insurance was introduced in 1992 and incrementally expanded to include an ever-increasing range of categories of contributors and beneficiaries. By 2018 it exceeded targets set and reached some 88 per cent of the population. The upcoming targets are 90 per cent coverage in 2020, and 95 per cent in 2025. Two critical budget-provided financial incentives have helped the scheme to reach this extensive level of coverage, and to make health expenses affordable, in particular for the poor and other vulnerable groups in society. The first incentive is a state subsidy towards contributions, which differentiates between several member categories: for members of poor and near-poor households, ethnic minorities in difficult areas and people living on islands, the government subsidises 100 per cent of the health insurance contributions. For other but not all categories, there is no subsidy or contribution to the co-payment. The second financial incentive relates to government involvement in the cost-sharing of health expenses: the government revised the co-payment rates for the poor and near poor, whose health expenses are reimbursed 100 per cent and 95 per cent respectively. A third component, which has been critical in reaching comprehensive coverage, is the mandatory nature of the scheme, thereby enhancing enrolment.⁷³

Comprehensive coverage in the social health insurance scheme was also obtained through the integration of diverse elements of the broader health care system. This included the integration of the compulsory and voluntary parts of the system in a mandatory regime in 2005, as well as the Health Care Fund for the Poor into the national health insurance scheme in 2008.⁷⁴ Nonetheless there are still challenges for internal migrants. Social Health Insurance members must register with a primary health facility to access services; yet frequent migration for work is common within Viet Nam, meaning many are registered with a health facility far from their current location. The process for de-registering and re-registering with a new facility is long and cumbersome, hindering internal migrants' access to full health protection.

Social assistance remains weakly developed: means-tested social assistance support covers a small share of the population, and there are significant exclusion errors. Nevertheless, there is developing evidence in Viet Nam of an attempt to achieve more comprehensive coverage by designing the state-financed non-contributory regime and contributory-based regime in such a way that they serve as

⁷³ This paragraph has been taken from Olivier, M. 2020, *Viet Nam Social Protection Law Reform: An Integrated Framework* (draft report submitted to the ILO). Authorities omitted.

⁷⁴ Under the Health Care Fund for the Poor, beneficiaries were enrolled in Viet Nam Social Security's Social Health Insurance Scheme: ILO *Expanding Social Health Protection: Towards Equitable Coverage in Viet Nam* (2019).

staggered pillars. This is done by making the universal social pension, payable to people aged 85 and above, subject to a pension test. Namely, the social pension is only payable if a person is not in receipt of a pension provided by a contributory scheme managed by Viet Nam Social Security.

5.2.2 Thailand⁷⁵

Thailand has a compulsory contributory scheme providing significant, but at times low benefit values. The scheme includes free health care, unemployment, old-age, disability (non work-related injuries), maternity, and child care benefits, as well as funeral costs. In addition, employment injury benefits are provided, based on employer-only contributions through the Workmen's Compensation Fund. Qualifying periods vary according to the type of benefit, ranging from 6 months (health care) to 15 years (pensions).

Means-tested social assistance programmes cover parts of the population, although at low values. For example, the Old Age Allowance, which has achieved 83 per cent coverage and is available to people over age of 60 years, provides benefits at a level less than half the national poverty line. Child support comprises a combination of contributory Child Allowance and the tax-funded Child Support Grant.

A mix of tax and social insurance financing also facilitated the extension of health coverage to the large informal economy. In fact, the mainly tax-funded Universal Health Coverage Scheme has been incrementally introduced, achieving a significant 95 per cent coverage by 2015. It has an expanding benefit regime, which has led to significant improvements in health protection. The scheme was scaled up by creating a mandatory and subsidised scheme to achieve universal health coverage. In this way, informal economy workers are also covered.

However, there are several legal and factual challenges facing the social security coverage of informal economy workers.

- Since the self-employed voluntarily affiliate to the statutory scheme, the scheme has limited coverage, despite subsidised participation in the general contributory scheme, and with coverage options provided.⁷⁶ IT-based measures, such as mobile phone application services and e-information services, are now being used to promote coverage and inclusion.
- There are large numbers of informal workers in the formal economy; the failure to register or declare them has a severe impact on social security access and coverage.
- Agricultural, temporary, domestic workers and seasonal workers are legally excluded from the general scheme, and therefore have to rely on informal support mechanisms.

5.2.3 India

Central and State governments in India have worked to extend social security coverage to marginalized groups of workers, yet despite progress there remain extensive gaps in coverage. A study undertaken for the ILO indicates (Srivastava, 2013: 21-22) –

⁷⁵ The information provided in this section has essentially been extracted from ILO, *Extending social security to workers in the informal economy: Lessons from international experience* (ILO, 2019) 26, 28, 36, 37, 38, 39, 40-47, 48, 52, 55, 56-61, 64-67, 70-74-75, 77, 78, 84, 86-88, 90, 146, 147, while reliance has also been placed on the provisions of several laws.

⁷⁶ For example, domestic workers covered by the voluntary scheme, can choose from different options.

- Only 1 per cent of agricultural workers reported coverage in terms of employer-arranged social security in the form of a provident fund scheme;
- Among non-agricultural workers (who make up 49 per cent of the labour force), just 1.3 per cent of casual workers took part in the employer-arranged provident fund, while a survey of wage workers found the share of those receiving at least one benefit among regular workers was 55 per cent; and about 25 per cent of regular workers had all three benefits surveyed (Provident Fund/pension; gratuity, health care and maternity benefit);
- Wage workers in the unorganized sector had almost no social security coverage: only 1 per cent had access to a provident fund or pension benefit. Even within the organized sector, nearly 33 per cent had all benefits and 10 per cent had access to a provident fund or pension benefit, while 47 per cent were not eligible for any benefit.

According to the 2016 Economic Survey, the share of informal employment in the organized sector in India increased from 48 per cent to 54.6 per cent between 2004-05 and 2011-12 (Government of India, 2016). Existing estimates by the National Commission for Enterprises in the Unorganised Sector (NCEUS) are that only a small proportion of informal workers, around 8 per cent, are covered by any form of social protection (Srivastava, 2013: 25).⁷⁷

Reform is ongoing. The draft Code on Social Security prepared by the Ministry of Labour and Employment aims to extend coverage of social security to informal economy workers. This follows an earlier, largely unsuccessful legislative attempt to achieve such coverage extension under the Unorganised Workers' Social Security Act, 2008. To enable extension, the draft Code broadens the categories of work eligible for coverage, and dedicated schemes are outlined to cater for defined categories, including the "unorganized sector", "unorganized work", "wage worker"; "self-employed worker", "gig worker", "platform work" and "platform worker" (see clause 2).

Chapter IX of the draft Code, entitled "Social security for unorganized workers" provides for –

- The establishment of welfare schemes by the Central Government for unorganized workers, including life and disability cover; health and maternity benefits; old age protection; and any other benefits as may be determined by the Central Government.⁷⁸ Certain relevant existing schemes will be housed under this provision.⁷⁹

⁷⁷ In India, a distinction is made between informal workers in the unorganized sector and informal workers in the organized sector. The unorganized sector is defined as including workers of micro, small and medium enterprises, unpaid family members, casual labourers, home based workers, migrant labourers, out of school youth, domestic workers, and street vendors. The informal sector includes economic activities in both the organized and unorganized sectors in rural and urban areas. The NCEUS defines workers in the unorganized sector as follows: "The unorganised/informal workers consist of those working in the informal sector or households, excluding regular workers with social security benefits provided by the employers, and the workers in the formal sector without any employment and social security benefits provided by the employers." (Speakers Research Initiative, Parliament of India)

⁷⁸ Clause 106(1) and Clause 110

⁷⁹ Clause 106(2), read with the Seventh Schedule.

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- The establishment of suitable welfare schemes by the State Governments for unorganized workers in relation to a provident fund; employment injury benefits; housing; education schemes for children; “skill-up gradation” of workers; funeral assistance; and old-age homes.⁸⁰
 - Funding of welfare schemes established by the Central Government could be covered by the Central Government; or a mix of central and State governments and employer and employee contributions; or other specified sources such as corporate social responsibility funds.⁸¹

In addition to efforts to expand social security, there have been innovative interventions to protect the means by which informal workers earn a livelihood. Several Indian State governments, including Karnataka and Odisha, have made provisions in their social security schemes for assistance in the purchase (or replacement) of working tools, which, at least in the case of Karnataka, has resulted in considerable take-up.⁸² Finally, the unique levy, tax and cess imposed collection systems in use to finance welfare funds for certain categories of vulnerable workers were noted above.⁸³

5.2.4 Ghana

Ghana provides an illustration of using an existing public fund to extend social security coverage to the informally employed. Informal economy workers who did not have an employer could voluntarily join the national pension scheme called the Social Security and National Insurance Trust (SSNIT) by paying a double contribution and could, subject to satisfying the generally applicable conditions for eligibility, access the usual range of benefits (Arku & Akagbo, 2011; Adombila, 2016).

However, innovative measures were introduced in 2010 to cover informally employed workers. With the inception of the Informal Sector Fund, an agreement was concluded with a private sector financial institution to finance business development and home improvement loans for members of the Fund (Boadi, 2008). The Fund also provides members with access to a range of other financial services, including life insurance and loans, through partnerships with microfinance organizations. As a condition of receiving the loan, workers are required to pay 5 per cent of the total value of the loan in informal sector fund contributions (RNSF, 2017: 95).

The Fund accommodates dedicated arrangements relating to both contributions and benefits. Contributions to this Fund need not be fixed, but can be based on the member’s ability to pay on a basis preferred by them, be it daily, weekly, monthly, annually or seasonally. Individuals who are not in group schemes can save for retirement, as well as formal or informal organized groups such as drivers’ associations and market women associations.

The Fund is essentially a defined contribution plan. Informal economy workers contribute to two accounts –

⁸⁰ Clause 106(4).

⁸¹ Clause 106(6).

⁸² In the case of Odisha, one of the schemes also provides for the purchase of a bicycle.

⁸³ See 5.1.4 above.

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- A Retirement Account (a pension account, from which withdrawal is only permitted in the event of retirement, death or disability); the normal retirement age is 60 years, but early or late retirement is also possible;⁸⁴
 - An Occupational Scheme Account, which serves as a form of personal savings account, from which the contributor can withdraw after five months of initial contributions, provided the account has a credit balance (with rules for withdrawals before retirement, e.g. for education and business enhancement).

A total of 90,000 members joined the Informal Sector Fund within three years of its establishment, and by 2020 it had 150,000 members. Nevertheless, with an estimated informal sector workforce of 11.2 million, coverage is clearly limited. The government estimates that over 70 per cent of informal workers have no old-age pension at all, partly because the remaining 30 private pension firms cater their products primarily to formal sector workers (NTHC).⁸⁵

Several private sector pension funds have started to offer products tailored to the informal sector, on the basis of flexible contribution and benefit arrangements similar to those available under the Informal Sector Fund (NTHC; Anders, 2017). In one instance, for example, it is possible to make payments with mobile money wallets or through group collections, by organizing community members into co-operatives (Douglas, 2016).

Ghana has increased coverage through a differentiated financing strategy, under its National Health Insurance Scheme (NHIS). It was implemented as a mandatory scheme and was established by the National Health Insurance Act (No. 650) in August 2003. By 2012, it covered 8.2 million people (33 per cent of the population). Benefits comprise outpatient and inpatient services, including diagnostic testing, specialist care, most forms of surgery, hospital accommodation, maternity care services, emergency care and drugs (ILO, 2019: 46, 149 -150).

The financing strategy takes into account people's contributory capacity and exempts or partially exempts vulnerable segments of the population: children under 18, people aged 70 or more, while pregnant women and the indigent do not pay contributions. Those in formal employment contribute a certain percentage of their salary to the scheme; and workers in the informal economy pay a reduced flat-rate contribution.

The NHIS is funded by three main sources: in addition to social security contributions by employees in the formal sector and flat-rate contributions from workers in the informal economy, the third funding source is a national health insurance levy: an earmarked VAT on all goods and services supplied in or imported into Ghana. According to government sources, the levy is by far the largest source of financing, and in 2016-17 accounted for about 74 per cent of total NHIS income.

⁸⁴ See National Trust Holding Company (NTHC) *SSNIT Informal Sector Fund*, accessed at <https://nthc.com.gh> (in particular https://nthc.com.gh/products/pension_trustees) on 2 February 2020, for further details.

⁸⁵ *Ibid.*

5.2.5 Rwanda

In December 2018 Rwanda launched a Universal Digital Pension Scheme:⁸⁶ a long-term savings scheme named Ejo Heza (“Brighter Future”) scheme, which offers opportunity and incentives for all Rwandans⁸⁷ to save a voluntary share of regular or irregular earnings to mitigate against the risk of old age poverty. The scheme has been described as the first national-level universal pension programme in the world being launched by leveraging existing digital financial inclusion infrastructure in the true spirit of Public-Private-Partnership.

It responds to very limited coverage of formal pension schemes, which were restricted to salaried public and private sector workers, leaving the remaining 94 per cent of the population uncovered. Under the new digital scheme, all Rwandans, including diaspora, can contribute. Each member uses their unique national ID, and benefits can be transported across jobs, service providers, and geographic locations. Members are free to decide the size and frequency of contributions, which they pay using mobile wallets, bank accounts, debit or credit cards.⁸⁸ The National Bank will be the regulator and will set up systems to ensure long term viability (Rwigamba, 2018: 159).

Savings accounts are to be locked for a pre-defined number of years, with early withdrawal of a capped percentage permitted after a minimum period permitted for investments such as housing or education (Rwigamba, 2018: 158). Contributions are indexed to account for inflation and increases in earnings.⁸⁹

The scheme provides a special, means-tested fiscal incentives package for the first three years to encourage mass-scale enrolments and sustained savings discipline by non-salaried workers. This includes a matching government co-contribution of up to a certain amount per year along with free life insurance cover and funeral insurance cover. Design and implementation of the scheme began as a project under the Ministry of Finance, through a special Project Management Unit. It is now being rolled out and managed by the Rwanda Social Security Board (RSSB).

The scheme, which is based on individual accounts, is feasible in Rwanda as five key supportive elements are already in place: 1) every citizen possesses a national ID; 2) Rwanda has relatively high rates of financial access; 3) there is a functional network of cooperatives; 4) mobile phone penetration is high, at over 70 per cent, and use of mobile payment services is growing rapidly; 5) local government systems were in place for implementation (Rwigamba, 2018: 157-158).

In the pilot phase, over 30,000 citizens used their mobile phones to open digital Ejo Heza accounts in less than a fortnight. A recent World Bank publication notes that: “Based on the initial results, the government projects that if 2 million citizens joined the universal pension scheme over the next five

⁸⁶ See *Rwanda launches Africa’s first universal digital pension scheme for the mass market* (accessed at <http://www.afr.rw/resources/news/article/rwanda-launches-africa-s-first-universal-digital-pension-scheme-for-the-mass> on 19 August 2020).

⁸⁷ The scheme is therefore open to Rwandans living abroad and to children (below the age of 16 years) without a national ID who will access the scheme through a sub-account opened by the parent/guardian: Rwigamba, E. (2018), “An inclusive and integrated pension model for informal sector workers in Rwanda” in Khana, P., Price, W. & Bhardwaj, G. (eds.). *Saving the next billion from old age poverty: Global lessons for local action* (Pinbox Solutions) p 157.

⁸⁸ See *Rwanda launches Africa’s first universal digital pension scheme for the mass market*. Emphasis added.

⁸⁹ *Ibid.* Emphasis added.

years and saved the equivalent of US\$ 10 a month, the government could mobilize retirement savings of over US\$ 1 billion by year five and over US\$ 3.6 billion by year 10 (Klapper & Hess, 2019: 16)”.

Rwanda has gradually extended its health insurance coverage since 2000, ensuring mandatory coverage in mutual health organizations: “Today, roughly 96 per cent of the total population are covered through a differentiated schedule of contributions, supported by substantial transfers from the government budget and external funding (ILO, 2019: 146).” Rwanda has achieved almost universal health coverage through an integrated health protection strategy based on a combination of adapted contributions, taxes and external grants (ILO 2019: 150).

5.3 Conclusions: Comparative experiences and developments

The country cases outlined have included conceptual understandings and operational frameworks of social security which transcend traditional approaches and boundaries. Social security reform and extension of coverage to informal economy workers was driven and supported by –

- an overall purpose-driven orientation;
- the adoption of a non-standard mix of public and private, contributory and tax-financed interventions;
- innovative conceptualization;
- progressive institutional arrangements;
- identifying beneficiaries and facilitating their access;
- flexible design modalities.

Taking into account the contributory capacity of target members was significant in all cases in the success of schemes to extend provision. The 2019 Report of the Committee of Experts on the Application of Conventions and Recommendations (CEACR) acknowledged the growing practice of extending social insurance to workers with contributory capacity, to enable increased protection (ILO, 2019: 593).”⁹⁰ The CEACR also noted that contributory forms of social insurance provide higher levels of social protection, and should be the principled option for workers able to contribute, including subsidies where necessary; this mode of extension would enable sustainable and equitable financing (ILO, 2019: 596).

It is necessary, according to the report, to consider the particular context of informal economy workers when designing and implementing contributory coverage modalities, and to develop tailor-made arrangements to suit this context. It cites a range of options to promote achievement of income security, including “basic income security, including the reduction of the cost of affiliation to contributory schemes, the provision of state support in the form of social contribution subsidies, measures to cover

⁹⁰ ILO, *Universal social protection for human dignity, social justice and sustainable development* (General Survey concerning the Social Protection Floors Recommendation, 2012 (202), Report of the Committee of Experts on the Application of Conventions and Recommendations) (2019), para. 593. The report continues: “The majority of governments (50) report that their national objectives and priorities in the area of social protection include the extension of existing contributory schemes. This sometimes requires certain adaptations of the legal framework, financing arrangements or administrative procedures to take into account the specific characteristics of these categories of workers.” (*ibid.*).

all those with contributory capacity, and measures to strengthen labour inspection and law enforcement (ILO, 2019: 412).”

Of equal importance when devising appropriate coverage modalities in the Myanmar context is the need to properly consult with institutions representative of workers in the informal economy (ILO, 2019: 497).⁹¹ Currently, there seem to be few institutions representing informal economy workers. As stated during the consultations held with stakeholders for the purposes of this report, some trade unions have been, or are prepared to reach out to informal economy workers, including internal migrants, in terms of membership and support. Attempts should be made to encourage the union movement in this area. Also, there are a few “home grown” sectoral institutions. These could be mobilized to take on a representative role in relation to social protection coverage of workers and their families, while the building of similar movements or institutions where they do not yet exist, may further strengthen representation on behalf of informal economy workers. It is important to ensure that representative institutions are sufficiently focused on addressing the gender dimensions of informality and the associated impact on access to and extension of social protection. These considerations are aligned with the international standards guidelines.

Finally, regarding the sustainability of any scheme designed to serve the interests of all workers, including informal economy workers, the comparative evidence emphasizes the need for arrangements of sufficient scale. Specific measures need to be taken to deal with potentially low take-up by informal workers. Apart from matters such as ensuring tailor-made modalities concerning contribution and benefit regimes and eligibility conditions, the provision of incentives and the rendering of sound administration, the design of the scheme is of critical importance.

6. Final conclusions and recommendations

The Government of Myanmar has made significant achievements in relation to the development of the social protection system in recent years. These include, among others: 1) progressively increasing the number of workers covered by the compulsory SSB scheme; 2) legal and administrative reform of the SSB system and service delivery, with the assistance of the ILO; 3) streamlining of the two workmen’s compensation systems; 4) administrative and institutional expansion of the health care system, including through collaboration with the private sector to increase worker access to more outpatient care; 5) envisaged further reform of the contributory system, in areas such as strengthening compliance and extending the geographical footprint of the SSB; and 6) expanding the social assistance system.

There are several factors and considerations that will have a decisive influence on the further development of the social protection system, and in particular the meaningful incorporation in the system of internal migrants, in particular those in the informal economy or who work as informal employees. Some of the key considerations, reflected on in detail in the report, concern the following:

- There is a very significant need to extend social protection coverage to internal migrants in the informal economy or who otherwise work as informal employees, as evidenced by –

⁹¹ “The Committee also recalls the importance of tripartite participation and consultation with other representative organizations of persons concerned, including workers in the informal economy and other generally under-represented categories, when defining and regularly reviewing adequate levels of protection for the various categories of persons.” *Ibid*, para. 497. See also 4.2 above.

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- the considerable numbers involved: 84 per cent of all employed persons are informal, and do not currently enjoy effective social protection, under the contributory social security scheme;
 - many informal sector workers also experience significant multi-dimensional disadvantages impacting differently on men and women, different age groups and people living in rural and urban areas, and different states/regions;
 - women and youth workers are particularly disadvantaged, often earning relatively low and irregular incomes, and as a result of their greater participation in unpaid family work and informal work;
 - Prior to the Covid-19 pandemic there was already some indication that unemployment was of particular concern to workers in urban areas; for workers in rural areas and the poorest regions/states, basic essentials and notably food are priority needs. For both groups, critical risk areas such as access to appropriate health care may be apparent; the impact of Covid 19 has intensified the urgency and extent of these needs.
 - A high percentage of internal migrants are found in the manufacturing sector; for informal economy workers, both manufacturing and agriculture are priority sectors for the purposes of labour market participation;
 - Informal economy workers invariably fall outside the scope of the compulsory contributory scheme, and must join the SSB voluntary scheme to participate. There are no targeted compulsory contributory social protection interventions for internal migrants. Voluntary scheme participants have to pay both employer and employee contributions, which is very expensive, and has a serious impact on coverage;
 - A range of social assistance benefits may be of relevance to such workers, in particular the universal maternal and child cash transfer benefit, and (upon reaching, currently, the age of 85) a universal social pension;
 - Informal social protection arrangements are of importance in the Myanmar context, but may not be able to provide for social protection needs on a larger scale.

6.1. Adopting a multi-pillar approach to the expansion of social protection

In line with the ILO principles on social protection outlined in the Social Protection Floors Recommendation, 2012, (No. 202) this paper recommends the use of a mixed, variable and sequential approach for the extension of social protection to informal economy workers in Myanmar, including internal migrants. A well-designed pathway for the incremental roll-out of universal coverage can be achieved by expanding existing contributory and non-contributory coverage modalities, while also increasing the level of coverage available and progressively expanding compulsory coverage and government subsidies. At the same time there would also be a need to introduce tailor-made coverage modalities, or potentially to integrate informal social protection measures to effectively cover currently excluded groups.

The adoption of multi-pillar approaches is beneficial to develop an integrated system of social security support, incorporating both contributory and non-contributory coverage, and a greater role for government subsidies and user-fee payments. The multi-pillar approach is founded on a universal, typically tax-financed social protection floor to guarantee a life in decency and dignity. The first pillar

comprises compulsory social insurance funded through worker and employer contributions and provides higher levels of benefits. The third pillar is considered complementary, and consists of voluntary personal savings. Within the Myanmar context, the flagship programmes outlined under the Social Protection Strategic Plan (2014) form the basis for the expansion of the social protection floor, while the social insurance schemes operated by the SSB under the Social Security Law, 2012, form the basis of the social insurance pillar. The experience of several ASEAN countries, including Lao People's Democratic Republic, Thailand and Viet Nam, may be of particular assistance in this regard.

6.2. Expanding social assistance

In relation to the above multi-pillar options, three key considerations need to be taken into account to permit the extension of existing non-contributory benefits and strengthening of contributory provision.

First, consideration should be given to expanding fiscal capacity to enable full government ownership of , and extend the reach of the Maternal and Child Cash Transfer Programme (last six months of pregnancy) and children up to the age of two years. Attention should be given to ensure that the universal cash allowance reaches all target beneficiaries, including those who are poor and those operating in the informal economy, including internal migrants. In addition, an appropriate framework should be developed to let informal economy workers contribute to an appropriately designed maternity benefit scheme in order to provide for enhanced maternity protection. One potential way of achieving this outcome is to increase the current MCCT cash benefit and to invest part of the increase as a contribution on behalf of a woman beneficiary. This coincides with the need for government to subsidize at least part of the contributions on behalf of those who are poor and vulnerable.

Secondly, there is a clear need to introduce and incrementally expand a universal non-contributory cash benefit for all children, instead of, or in addition to, providing support only to very young children under the non-contributory universal cash allowance. Children of young age are one of the most vulnerable groups in society and deserve priority social protection coverage. This is in the first place a government responsibility.

Thirdly, of critical importance for enhanced old-age support is the extension and universalization of the social pension benefit, currently only available to those 85 and above. The need for doing so is strengthened by the life expectancy figures. This could take the form of providing this benefit on an incremental basis to those younger than 85 years of age. Consideration should also be given to incrementally increase the value of the social pension. In addition, arrangements should be made to establish an appropriately designed contributory retirement scheme for those in the informal economy, including internal migrants.

The tax-based extension of social assistance benefits would require a sufficient funding basis. In this regard, strengthening of the particularly weak tax base in Myanmar is of the utmost importance. In the meantime, this is an area in which the international donor community could meaningfully invest, including by assisting with design elements and developing pilot interventions.

6.3. Expanding social insurance

In the course of the validation workshop for the finalization of this report, the Director-General of the Department of Social Welfare (Ministry of Social Welfare, Relief and Resettlement) suggested collaboration with the SSB on two pilot programmes in different geographical locations, in relation to strengthening social protection for internal migrants in the informal economy. It is suggested that the

pilot sectors could be in construction, agriculture, or domestic and care work given the large numbers of workers affected, as well as the extent of their vulnerability. Targeting different geographic locations would also bring out urban-rural differences, as well as differences between two regions or states. It is further suggested that the pilots be used to make cash and other forms of social protection transfers available, and to gain information on the contributory capacity and priority needs of the targeted populations. This could assist with the possible scaling up of the pilots and their potential graduation into a contributory arrangement, and pointers for the way forward to suitable arrangements of this kind elsewhere in Myanmar, bearing in mind the advantages of adopting a multi-pillar approach. Required data include, information about contributory capacity, and priority needs of male and female internal migrants operating in the informal economy, or as informal workers. It is suggested that data collection could be combined with the pilot projects discussed in the next paragraph.

In terms of key branches of social protection, Covid 19 has highlighted the urgent need for SSB to activate unemployment insurance, although expansion to the informal sector would not be feasible within the short term. Furthermore, consideration could be given to extending employment injury benefits provided by the SSB to those working in the informal economy, with employers (where they exist) to carry the contribution burden.

Other options to extend coverage to informal economy workers could also be explored. The rich tapestry of modalities employed by a growing number of countries in the global South, as discussed earlier in this Report, may be of particular value. In the course of consultations held for the purposes of this report, the possibility of union-managed schemes was raised. Also, in reflecting on extending the contributory system, it was indicated that trade union members were willing to contribute towards accessing benefits that are not yet available.

Finally, some stakeholders were of the view that greater reliance could be placed on informal social security options such as Inclusive Self-Help Groups. However, it should be noted that informal social security arrangements, however valuable they may be, constitute only a partial and limited option. In particular, informal social security modalities are hardly ever able to provide sufficiently in the event of a covariant risk occurring. Informal social security mechanisms would be unable to provide adequate coverage across the life cycle, with some groups likely to have higher needs such as people with disabilities, people with chronic diseases, elderly people, children, and women of reproductive age. Therefore, while the important role of these informal institutions and arrangements should be honoured, and in principle supported, attention should also turn to how they could be meaningfully integrated in national social protection responses. Maximizing risk pooling is crucial to ensure health risks are spread across the population, regardless of risk profiles, age, gender, location, or employment status.

6.4 Operationalizing reform

To enable the progressive expansion of social protection coverage, considered operationalization is crucial. This includes beneficiaries possessing identification documents to enrol, data availability, adequate IT systems, geographic outreach of the SSB, simplified processes for enrolment and the contribution and receipt of benefits, as well as setting up and expanding delivery mechanisms to enable timely payment of benefits.

6.5 Recommendations

1. **Reforms and extension of social protection, including those to include informal sector workers and internal migrants, should be made on the basis of a pre-established principled approach, taking into account international labour and human rights standards and recommendations of the 2015 Assessment Based National Dialogue⁹²**

The first principled approach entails the development of multi-pillar modalities of coverage, as well as extending, and possibly introducing new, universal forms of coverage e.g., extending the universal cash allowance for mothers and children (currently funded by LIFT), as well as social pensions (see above).

A second principled approach concerns the need to ensure universal coverage: there should be a deliberate drive to ensure that all workers in Myanmar are covered by social protection, irrespective of their migratory context, and enjoy coverage for the whole range of social risks to which workers and their dependants are exposed. Coverage should be non-discriminatory and contribute to gender equality, and solidarity between men and women. Comprehensive coverage may have to be introduced incrementally.

A third principled decision concerns a choice between a voluntary mechanism and an in-principle compulsory scheme with government support. It is suggested that given the growing evidence worldwide and in ASEAN of the positive impact of compulsory participation on coverage extension, subject to accommodating the specific context of informal economy workers, consideration should be given to tailor the scheme's design such that it will ensure the gradual transition to a compulsory scheme framework. Such a framework will need to be supported by appropriate government subsidies, in particular as far as contributions to the contributory regime are concerned. This may also be required in order to avoid three key consequences of relying on a voluntary model: i) adverse selection; ii) small risk pools; and iii) dysfunctional incentives for enterprises that seek to cut labour costs.

Finally, despite the important role played by informal social security arrangements in Myanmar, their integration into the formal, expanding social security framework should be carefully considered to enable sustainable extension of protection.

2. **There are a wide range of system and operational areas to address, to enhance coverage of informal workers and workers in the informal economy, including internal migrants**

These include –

- Address the underlying IT framework and improve service delivery.
- Address complex and fragmented registration and institutional frameworks applicable to businesses.

⁹² In particular see Recommendations and Conclusions on the working age population in: ILO. *Social protection assessment based national dialogue: Towards a nationally defined social protection floor in Myanmar*. (Yangon, 2015). https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-yangon/documents/publication/wcms_386563.pdf (p. 50-52)

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- Simplify SSB registration requirements and procedures and allow workers to self-register.
 - Increase SSB's geographical footprint.
 - Expand the mandate of MOLIP to progressively extend the range of establishments and work sectors subject to compulsory registration of workers (current list of establishments, Social Security Law 2010, Articles 11 and 12), and explore the potential expansion of SSB's mandate to access additional funds to subsidise member contributions.
 - Strengthen law enforcement and inspection to ensure legal compliance and address avoidance and under-reporting. This will be particularly relevant to ensure extension of coverage to informal workers in the formal economy, who may in any event be entitled to coverage under the SSB compulsory system if they work in enterprises in the formal economy that have more than five employees

3. Improve the data environment, through informed, appropriate approaches and options to enable evidence-based policy reform

At present no systematic assessments of the characteristics of the various categories of informal workers and their families, or their respective social security needs, are available. There is also only limited statistical information concerning their income characteristics. Therefore, despite the availability of some limited qualitative data, much more can be done in Myanmar concerning quantitative and in particular qualitative surveys and studies.

It is advised that the various sets of surveys, including the regular Population Census, Living Conditions Survey, and the Labour Force Survey include a range of questions on key dimensions of those who work informally and on migration patterns, and that arrangements be made with research institutions to conduct appropriate qualitative surveys.

4. Invest in voice and representation of informal workers, communication and awareness raising

Consultation with informal economy representatives is critical.⁹³ It is essential to ensure senior-level composition of consultative bodies and gender balance in consultative bodies and among those being consulted.

In consulting with such representatives, care should be taken to ensure that the voice of women workers be actively included and their specific needs addressed, given their varied situations as migrant workers with varied employment status, as well as possible participation in unpaid, unrecognized work.

There is an evident need for awareness-raising and communication among the informal workers and internal migrants addressed by this report, as well as among the general public, both on their existing entitlements, and on the potential of social protection for equitable development.

⁹³ According to a communication received from the relevant Parliamentary Committee that met for the purposes of this report – the Farmers and Workers' Affairs Committee of Pyithu Hluttaw – there is an extensive range of informal workers representative groups that can be consulted for this purpose, in addition to trade union organizations and selected non-governmental organizations.

5. Support coverage extension through improvement of the legal framework

Required actions in this context include –

- Provide a sufficient legal, in particular a rights-based framework, for social security, and social assistance.
- Ensure consistency of labour and social security laws.
- Remove legal barriers to coverage, including by expanding the conceptual framework applicable to workers/employees and removing exclusions currently found in the Social Security Law.
- Ease registration and contribution requirements.
- Introduce portability, by –
 - removing hindrances to continued coverage as people migrate within Myanmar and move between the formal and the informal economy;
 - extending social security coverage on a unilateral basis to Myanmar workers abroad through voluntary contributions while abroad and with an added component of protection through the establishment of a specific fund or insurance for migrant workers;
 - making sufficient provision for social security coverage in relation to Myanmar workers who may be working, or may have worked abroad, through appropriate bilateral social security agreements, while supporting the development of a multilateral (ASEAN) social security portability arrangement.

6. Introduce dedicated arrangements suited to the context of informal workers and informal economy workers, including internal migrants

Contributory capacity is crucial. A varied approach is advisable, including sliding scales, and government subsidies for at least the poorest categories of workers may be called for.

Coverage arrangements, schemes and interventions have to be tailored to the needs of workers while ensuring that the priority needs of workers are not neglected. Government also bears a duty to ensure that workers are protected for all relevant social risks. A comprehensive approach may have to be introduced incrementally.

Support is needed for the participation of poor workers, including through the introduction of government subsidies. Such support includes –

- flexible contribution payment modalities, as well as flexible contribution collection options such as trade unions as collection agents and the use of mobile wallet applications; and a reduction of the disproportionately high contribution rate for the self-employed;
- relaxed entitlement criteria;
- co-payments on medical benefits;
- targeted benefit packages.

7. Establish an enabling framework supporting the above interventions and suggested coverage extension approaches

Measures that need to be attended to in this regard, include the following:

- Improve the tax base and consider other funding modalities to increase social protection investment by the Union Government.
- Consider linkages between social security contributions and benefits; skills development; income generation; improved access to markets and financing support; and enhanced access to financial institutions and facilities.

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Social Security Act, 1994 (Namibia)

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Appendix: Stakeholders consulted

Action Aid

Action Labour Rights

Agriculture Farmers Federation of Myanmar – International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations (AFFM-IUF)

Asian Development Bank (ADB)

Centre for Economic and Social Development (CESD)

Farmers and Workers Affairs Committee, Lower House, Parliament of Myanmar

HelpAge International (Myanmar)

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- Ms. Anne Boyd, Chief Technical Advisor, Labour Market Governance Programme
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- Ms. Mariana Infante Villarroel, Senior Technical Officer, Vision Zero Fund

Karen Baptist Convention

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Ministry of Labour, Immigration and Population (MOLIP)

Ministry of Social Welfare, Relief and Resettlement

Myanmar Development Institute (MDI)

Parami Development Network

Social Security Board (SSB)

Three Good Spoons



Livelihoods and Food Security Fund



managed by UNOPS

This paper, *Extending the scope of social security to internal migrants in the informal economy: an analysis for Myanmar*, examines the extent of social protection coverage for workers in Myanmar, particularly migrant workers in the informal economy. It reflects on challenges faced by internal migrants in accessing social security, as well as examining available labour market data on the informal economy and internal migration dynamics. The Covid-19 pandemic has evidenced the need to urgently expand social protection coverage in Myanmar, building on steps taken by the Social Security Board in implementing the Law on Social Security, 2012, and by the Ministry of Social Welfare, Relief and Resettlement under the Social Protection Strategic Plan (2014).

The paper includes a set of policy recommendations to extend social security and social assistance to internal migrant workers in the informal economy in Myanmar, identifying priority sectors. The paper and its recommendations build on work undertaken by the Assessment Based National Dialogue exercise undertaken to lay the groundwork in building a nationally defined social protection floor in Myanmar. Social protection is an essential component of sustainable development, cushioning society in times of hardship and promoting resilience to life's risks.

This paper, was supported by Livelihoods and Food Security Fund (LIFT). It aims to support evidence based policy making to strengthen social protection and realization of fundamental rights in Myanmar.

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[https://www.ilo.org/yangon/areas/labour-migration/lang--en/index.htm](https://www.ilo.org/yangon/areas/labour-migration/lang-en/index.htm)

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