



Newsletter 6, February 2010

Theme: Informality and Work Based Social Protection

Informal Workers in Developing Countries

Informal Workers in Developing Countries constitute a large part of the workforce, engaged in precarious employment arrangements marked by low wages and no formal contracts, benefits or access to channels of formal social security. This includes work sub contracted to temporary and home workers with variable and adjustable hours of work. Informal workers remain vulnerable to risks and uncertainties, besides facing debilitating factors owing to the structural nature of the households. In recent times of economic crisis, however, informal employment has played the role of a buffer, providing families with an alternative source of income.

Globalisation and Informal Jobs in Developing Countries, a recent study undertaken by the ILO and WTO provides a comprehensive analysis of how trade and the informal economy interact and how well designed trade and decent work policies can contribute to more favourable employment outcomes. The report elaborates on how globalization has thus far had a limited effect in reducing labour market vulnerabilities in many developing countries, with some instances even being reported of how trade reforms have increased labour market vulnerabilities in the short term, with positive benefits accruing in terms of employment and wages only in the long term. Further, it has been argued that informal labour markets in fact weaken export performance in developing countries. The role for policy in increasing benefits from globalization to developing countries is recognized, through implementing trade reforms with an eye on job creation and also exploiting the complementarities between trade and labour market reforms. The report provides an overview of how to balance global pressures of economic integration and labour market dualism within developing countries.

Towards Gender Equality in China's Economic and Social Transformation: The Rise in Informal Employment and its Impact on Women During China's Economic Transition - Sarah Cook with Quheng Deng, Meiyang Wang and Ni Yuan (2009) – The report details the gender consequences of China's economic transition through an investigation of the changing patterns of employment and their impacts on women. In particular, the extent to which changes in China's urban labour market have led to a rise in 'informal' employment, and its implications for different groups are explored.

Also, see

Is Informal Normal? Towards More and Better Jobs in Developing Countries, available at
http://www.oecd.org/document/54/0,3343,en_2649_33935_42024438_1_1_1_1,00.html

Rethinking Informalization - Poverty, Precarious Jobs and Social Protection

edited by Neema Kudva and Lourdes Beneria – Cornell University

Social Protection for Informal Workers: Insecurities, Instruments and Institutional Mechanisms – a paper by Jeemol Unni and Uma Rani

HomeNet Thailand Policy Briefs on Social Security, Health Insurance and a HomeWorker Protection Act

Public Employment as Social Protection – SPA Research

Two of the research projects being conducted under the SPA programme examine the impacts of employment programmes on social protection - Designing Implementation Models for the Right to Work Programme in India, undertaken by the Institute for Human Development explores mechanisms for increasing the impact of the National Rural Employment Guarantee (NREGA) - a universal rights-based programme for rural households in India, while **Examining the NREGA: Women's Participation and Impacts in Himachal Pradesh and Kerala,** a study conducted by The Institute of Social Studies Trust, examines the gender dimensions of the scheme to assess whether the programme is enhancing women's well being and autonomy.

As part of a collaborative exercise with the Social Protection in Asia Network, a special plenary session - Labour Markets, Employment and Social Protection: Perspectives and Issues in South Asia was organized at the 51st Annual Conference of the Indian Society of Labour Economics (ISLE) at Punjabi University, Patiala, India on the 11-13 December 2009. In his presentation, Professor Rizwanul Islam pointed out that if one were to consider productive employment as the goal of development, it could be said that there has been a development failure in the countries of South Asia. This was explained using the dual economy model of Arthur Lewis, elaborating on the failure of South Asian countries in exhausting their surplus labour, and moreover by emphasizing the unemployment friendly nature of the manufacturing sector. Further, in the context of high proportion of workers in the informal economy, a large percentage of own account and self employed workers, was seen to prompt an evolution in the thinking on social protection, with a greater role being seen in the form of interventions such as labour market programmes of employment guarantee. Historically, public works programmes serve twin goals, creating employment directly, thereby serving as income transfers (safety nets), while simultaneously creating infrastructure, in both rural and possibly urban areas. However, in the formulation and implementation of such schemes the following were outlined as being necessary - a legal basis for the programme, universal coverage, sustainable funding deriving from the national budget and effectiveness and efficiency in delivery of benefits.

Other major observations emerging from the session included:

- Social protection was to encompass a broad notion, envisaging the role of not only the state but also systems and non-state actors.
- Social risk management was seen to mostly cover risk, insurance, incidents of calamity etc, and hence was not the ideal framework for the working poor. Social security was seen to include both basic social security (BSS) and also contingent social security (CSS).
- Focus on a “social floor” was needed, based on the following components – a national minimum wage, national minimum social security, minimum conditions of work.
- Need was seen to graduate people into the formal sector from the informal sector – using whatever combination of social protection, social security or social risk management.
- Other issues demanding attention included the need to address male and female social protection separately, the role of the political context in determining the right to social protection and social transformation, recognition of unique growth trajectories e.g the “ahistorical” jump in the Indian context from the primary to the tertiary sector, with lagging growth in manufacturing, and its implications on the labor market.

Re-estimation of Poverty Lines in India

The Expert Group on the Estimation of Poverty (Tendulkar Committee), has reviewed the present methodology for measuring poverty in the country. The committee has recommended a new method where the present all-India urban poverty line is taken as the basis for estimating every other poverty line in the country. With the urban poverty line as the basis, the parity levels at the State-level for rural and urban areas are to be separately estimated using a typical purchasing power parity (PPP) method.

As a result of this, the new poverty lines for 2004-05 have given the new estimated head count ratios for 2004-05 as 41.8 per cent in rural areas (up from 28.3%) and 25.7 per cent in urban areas (unchanged). In turn, the total number of poor people in India has risen from about 403 million in 1993-94 to about 407 million in 2004-05. The overall estimate of poverty in India for 2004-05 has been revised to 37.2% (up from the earlier official estimate of 27.5%)

The major contribution of this new methodology has been to abandon the calorie-norm for estimating the poverty line, in particular citing its lack of correlation with nutritional outcomes, and instead being based on a larger basket of consumption. This has admittedly reduced underestimation in poverty estimates. However, it continues to remain unmindful of the discrete cut off dividing the poor and non poor, allowing space for inclusion and exclusion errors, and not accounting for the factors contributing towards the escape into and overcoming of poverty. This has important implications for the agenda of social protection, as beneficiaries for targeting and provisioning of benefits of major welfare schemes are identified on the basis of these poverty lines.

Other Theme Related Resources

- **A Practitioner's Guide to Evaluating the Impacts of Labour Markets Programs - World Bank, Employment Policy Primer, December 2009, No. 12** - Explores issues that are important for impact evaluation of employment programs, both in the design and analysis stages
- **Economic Growth, Social Protection and 'Real' Labour Markets, Sarah Cook, James Heintz and Naila Kabeer (eds.) (2008), IDS Bulletin - Vol 39 No 2** Discusses how the working poor contribute to, and benefit from, economic growth through labour markets and paid work, but employment generation has not featured significantly in the macroeconomic agenda. Articles cover the changing nature of the global economy, flexible labour market policies in different regions of the world, conceptualisation of labour markets, implications for macroeconomic policies, and the scope for social protection.
For more details see <http://www.socialprotectionasia.org/economic-growth.asp>
- **Mainstreaming Gender and Social Protection for the Informal Economy – Naila Kabeer, 2008** – This book, originally brought out by the Commonwealth Secretariat has now also been published by Routledge, India, covering aspects on the gendered dimension of risk, vulnerability, and insecurity and hence the gendered need for social protection.
- **ILO Global Employment Trends Report 2009** - Examines what we know already about the impact of the crisis on jobs and what we could expect from several possible scenarios of the way it might evolve in the year ahead.
- **World of Work Report 2009** - The Global Jobs Crisis and Beyond – ILO and ILS
- **How should Labour Market Policy respond to the Financial Crisis - HD and PREM Labor Market Teams, April 2009** - Argues that an effective policy package to tackle the financial crisis should include, besides macroeconomic policies and direct cash transfers, a combination of passive and active labor market programs.
- **The Food-for-Work Policy and Expansion of Rural Employment in Poor Areas in Western China - Zhu Ling, Jiang Zhongyi 2004** - This study examines China's public works programmes and their impact on job creation and poverty alleviation in rural Western China.
- **Comparing Thailand and the Philippines: A Brief Overview of Social Protection Initiatives for Homebased Workers – Homenet South East Asia 2008**

- **Indonesia: Extension of Social Insurance Coverage to the Informal Economy** – ILO – Provides an analysis of the social security needs assessment of workers in the informal economy in both urban and rural areas and provides a basis for the formulation of policy to extend contributory social security coverage to workers in the informal economy.
- **The Challenge of Employment in India – An Informal Economy Perspective – Report of the National Commission for Enterprises in the Unorganised Sector, April 2009** – Examines deficits in employment in both quantity and quality in India
- **Conditions of Work and Promotion of Livelihoods in the Unorganised Sector – Report of the National Commission for Enterprises in the Unorganised Sector, August 2007** – Analyses the conditions of work and issues in livelihood promotion along with a set of recommendations for the unorganized sector.
- **Report of SPA-IHD-ISST Workshop – National Rural Employment Guarantee in India – Lessons from Implementation, September 8-9, 2009, Bangalore**, National Institute of Advanced Studies, Bangalore

News and Events

- **For Protection and Promotion: The Design and Implementation of Effective Social Safety Nets 2010** - The course, to be held in Washington, DC, USA between **February 1-12, 2010**, is based on the latest World Bank knowledge including the long-standing Safety Net primer series, several new flagship publications, as well as a host of new information that has emanated from the various responses to the recent food, fuel and financial crisis. This course comprises four interrelated and complementary topics - the justification of social safety nets and their fit in the wider development policy, the choice of instruments, implementation systems, how these vary by country settings and economic conditions.
For more details, see <http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/SPLP/0,,contentMDK:22316879~menuPK:461671~pagePK:64156158~piPK:64152884~theSitePK:461654,00.html>
- **SPA Research Partners Progress Review Meeting, February 1-3 2010, Bangkok, Thailand** - The meeting took stock of the progress and identified a future course of action vis a vis the SPA Policy research and networking programme. Project wise progress review was also undertaken.

- **Achieving the Millennium Development Goals: Poverty Reduction, Reproductive Health and Health Sector Reform; March 15-26 2010; Bangkok, Thailand** - World Bank is organizing a course that explores key elements of designing efficient and financially sustainable population policies and reproductive health programs in the context of health sector reform and Millennium Development Goals. The course will be held at the Chulalongkorn University in Bangkok.
For more details, see <http://www.worldbank.org/wbi/healthandaids/bangkok>
- **Jobs for a Globalizing World: Labor Market Policy** is a two week course, to be held in Washington, D.C. from **March 29-April 9, 2010**, offering a unique learning experience on how employment is being transformed in today's rapidly changing, globalizing environment. The course identifies key labor market challenges within the context of overall poverty reduction and other economic and social development goals, and explores what policy makers and others can do about them. The content of the course will focus specially on developing and transition countries.
For more details, see <http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/SPLP/0,,contentMDK:22356367~menuPK:461694~pagePK:64156158~piPK:64152884~theSitePK:461654~isCURL:Y~isCURL:Y,00.html>
- **International Conference on Dynamics of Rural Transformation in Emerging Economies – April 14-16, 2010** ,- Hosted by Planning Commission of India and Institute for Human Development, the conference seeks to stimulate the emergence of new frameworks, approaches and strategies for dealing with the major challenges posed by the dynamics of rural transformation in emerging economies driven by domestic and international trends.
For more details, see <http://www.ruraltransformation.in>
- **Course on International Trade and Labour Markets: Analytical Concepts, Techniques and Policy Interpretations, ITC-ILO Campus in Turin, Italy; May 3-7 2010**, conducted by the International Training Centre of the International Labour Organization (ITC-ILO) - The course aims at enhancing the analytical skills of participants to examine the interrelationship between international trade, labour markets and development. The course is highly relevant to officials and professionals who work, or are poised to work, on development policy issues including trade policy and trade negotiations and labour market policies.
For more details, see <http://www.itcilo.org>

- **Ministerial Conference on Social Protection, May 2010, Dhaka, Bangladesh** -UNESCO will co-organise this conference with the Ministry of Social Welfare of Bangladesh and within the framework of its Management of Social Transformations programme (MOST). This ministerial conference will be the third meeting to be organized in the context of UNESCO Forum of Ministers on Social Development from South Asia, launched in 2006 in Pakistan. The Forum is intended to offer a platform for social dialogue and exchange of information on social policies in South Asia, among different stakeholders, such as researchers, policy makers, activists and to facilitate social policies based on research and sound evidence.
- **SAARC Social Charter** – The Republic of Maldives has initiated the process of suggesting the development of a Regional Strategy on Social Protection to the Secretariat of the South Asian Association for Regional Co-operation (SAARC), by reviewing the SAARC Social Charter with renewed emphasis on social protection policies and programmes and proposing a commitment on the part of all SAARC member states to provide minimum and standardized social protection benefits to all citizens by 2020.
- **Ten Years of War against Poverty: What Have We Learned since 2000? What Should We Do 2010-2020? University of Manchester; September 8-10 2010** - The Chronic Poverty Research Centre (CPRC) will celebrate ten years of poverty research with an international conference hosted by the Brooks World Poverty Institute (BWPI) at the University of Manchester. Papers are invited that conceptually explore poverty dynamics; present empirical studies on poverty reduction; explain new methodologies of measuring multi-dimensional poverty; and/or inform policymaking in poverty reduction. The deadline for submitting abstracts and panel proposals is 31 January 2010.
For more details, see <http://www.chronicpoverty.org/events/event/20091015-ten-years-of-poverty-what-have-we-learned-since-2009-and-what-should-we-do-2010-2020>

Useful Links

- **Labour and Social Protection Network of the Asia-Pacific Economic Co-operation** - http://www.apec.org/apec/apec_groups/som_committee_on_economic/working_groups/human_resources_development/labour_social_protection_network.html
- **Social Protection and Labour at The World Bank** - <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/0,,menuPK:282642~pagePK:149018~piPK:149093~theSitePK:282637,00.html>
- **Labour Markets and Social Protection at the Asian Development Bank** - <http://www.adb.org/SocialProtection/labor.asp>

- **Ministry of Labour-Invalids and Social Affairs (MOLISA), Vietnam** - <http://translate.google.co.in/translate?hl=en&sl=vi&u=http://www.molisa.gov.vn/&ei=ues-S5buHMmekQWO6pyOBQ&sa=X&oi=translate&ct=result&resnum=1&ved=0OCBMQ7gEwAA&prev=search%3Fq%3Dmolisa%26hl%3Den>
- **Directorate for Employment, Labour and Social Affairs, OECD** - http://www.oecd.org/departement/0,3355,en_2649_33729_1_1_1_1_1,00.html -
- **International Institute for Labour Studies, Geneva** - <http://www.ilo.org/public/english/bureau/inst/>
- **The Indian Society of Labour Economics** - <http://www.isleijle.org/>
- **Centre for Social Protection Newsletter, Issue 11 – Health and Social Protection** - available at <http://www.ids.ac.uk/go/news/social-protection-january-issue-11-health-and-social-protection>

Useful Resources (Miscellaneous)

- **The Global Gender Gap Report 2009** - Report available at <http://www.weforum.org/pdf/gendergap/report2009.pdf>
- **UNICEF Report on Tracking Progress on Child and Maternal Nutrition - A Survival and Development Priority.** - Report available at http://www.unicef.org/nutrition/files/Tracking_Progress_on_Child_and_Maternal_Nutrition_EN_110309.pdf
- **World Bank reports on China and East Asia - “Transforming the Rebound into Recovery” and “China Quarterly Update”,** November 2009
- **ADB Institute Working Paper - "Patterns of Inclusive Growth in Developing Asia: Insights from an Enhanced Growth-Poverty Elasticity Analysis"** For more details, see <http://www.adbi.org/files/2009.08.12.wp145.patterns.inclusive.growth.dev.asia.pdf>
- **World Bank study on Poverty Reduction in Brazil, China and India**
- **World Bank Study - Too Poor to Grow**
- **The Economic and Social Survey of Asia and the Pacific 2009 - UNESCAP Report** For more details, see <http://www.unescap.org/pdd/publications/survey2009/download/Survey2009.pdf>

- **Achieving the Millennium Development Goals in an Era of Global Uncertainty - Asia-Pacific Regional Report 2009-10. Full report available at http://content.undp.org/go/cms-service/stream/asset/?asset_id=2269033**

About SPA:

Social Protection in Asia is a research, networking and advocacy programme that aims to create a regional voice and develop a research base for advocating innovative and informed policy on Social Protection issues.

We welcome your contributions

The SPA Network aims to keep people informed of required and requested information and to facilitate collaboration on social protection. To do this, the network needs you! If you would like to share your experiences, express your views or share information, for example, if there is an event you think network members would be interested in, please contact info@socialprotectionasia.org

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