



POLICY BRIEF on Social Protection

MAY 2009

INCLUDING THE EXCLUDED: TOWARDS SOCIAL PROTECTION FOR ALL ¹

“Only one in five people in the world has adequate social security coverage...Lack of social security coverage is largely concentrated in the informal economies of the developing world, which are generally a larger source of employment for women than for men.” (ILO website, Facts on Social Security).

In the Philippine setting, the ranks of workers in the informal economy continue to grow by leaps and bounds. Informal workers' organizations have been advocating for the right to social security and protection for decades, but there are many obstacles along the way. What is crucial is political will on the part of government to provide the resources

and conditions for the realization of this right, in partnership with organized groups and other stakeholders.



Introduction

At the latest count, informal workers in the Philippines already comprised 24.6 million or 76 percent of the total employed population. (See table on p. 2). Among them are homebased workers, vendors, small farmers and fisherfolk, non-corporate construction workers, small transport operators, barangay health workers, waste collectors and other service workers.

In contrast, the ranks of formal workers, who comprise the bulk of those covered by social secu-

rity mechanisms, are progressively decreasing. This has serious implications on the inclusivity (or exclusivity) of current schemes, which will be seen later in this brief.

How is the country faring in terms of social protection coverage of these various groups of workers? Is it making any progress towards including previously excluded groups? Is it providing the means as well as the conditions by which these groups can more fully and continuously enjoy the right to social security and protection?

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A policy-research and network building program

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¹ Written by Rosalinda Pineda Ofreneo with inputs from Homenet Philippines and MAGCAISA (Magna Carta for the Informal Sector Alliance) members.

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**Table 1: COMPARATIVE SIZES OF FORMAL AND INFORMAL SECTORS:
1999 and 2005**

	1999		2005		Difference
	No. of Workers	% to total employed	No. of Workers	% to total employed	
Labor Force	30,758,000	90.19%(9.8)*	**	**	**
Total Employed	27,742,000		32,313,000		+4,571,000
Formal Sector	6,013,688	21.68	5,322,320	16.4	-691,368
Informal Sector	20,492,312	65.13	24,666,680	76.34	+4,174,368
Wage and Salary	4,156,312	14.98	7,068,680	21.88	2,912,368
Own-account	10,792,00	38.90	12,104,000	37.46	1,312,000
Domestic Helpers	1,498,000	5.40	1,473,000	4.55	-25,000
Unpaid workers	4,046,000	14.58	3,893,000	12.05	-153,000

* Per cent unemployed

** Cannot be computed due to the adoption of the revised unemployment definition starting April, 2005. Source : NSO Labor Force Surveys; Annual Surveys of Philippine Business and Industry as interpreted by the Employers' Confederation of the Philippines (ECOP), using the residual methodology, and presented during its 2007 National Conference.



Falling Below the ILO Minimum Standards

UNIVERSAL COVERAGE IS THE PRINCIPAL OBJECTIVE IN THE EXTENSION OF SOCIAL PROTECTION.

- GENEVA CONSENSUS

The Philippines has not ratified several International Labor Organization (ILO) Conventions having to do with social security and protection, particularly C 102 Social Security (Minimum Standards) Convention, 1952. The fact that the Philippines is not a signatory to ILC 102 implies that it is not officially committed to complying even with the minimum social security standards. As of now, it provides the following forms of social security but mainly to formal workers: medical care, cash sickness benefits, maternity benefits, old-age benefits, invalidity benefits, survivors' benefits, and employment injury benefits².

² Based on the official Philippine Report on the Implementation of the International Covenant on Economic, Social and Cultural Rights (ICESCR), 38-44. The report was prepared by the Coordinating Committee on Human Rights (CCHR), which was established through Administrative Order No. 370 dated 10 December 1997. The CCHR is chaired by the Department of Foreign Affairs (DFA) and has 15 government departments and agencies as members.

Only permanent state employees get unemployment benefits (in extremely limited form), and only if their office or position is abolished due to government reorganization. Otherwise, there is no unemployment benefit to speak of³.

There are also no family benefits in terms of allow-

ances to meet the needs of children, except for minor dependents of retired, disabled or deceased members of the Social Security System⁴. Some of the benefits being provided in the Philippines fall below the minimum standard set by C102; for example, maternity leave is limited to eight weeks but the international norm is 12-14 weeks.

Family, Community and Other Initiatives Address Shortfall

If the formally employed do not have adequate access to the minimum standards of social protection, those in the informal economy seem to be faring a lot worse. SSS and PhilHealth membership profiles attest to this.

The total membership of the Social Security System (SSS) was 27.38 million as of March 2008. Expectedly, workers in formal private employment predominated at 79 percent. The self-employed sector, where informal workers are classified, comprised only 19 percent. (See separate policy brief entitled “The Social Security System: Coverage, Compliance, and Accountability Issues”).

As of December 2007, PhilHealth had 16.37 million members and an estimated 64.47 million beneficiaries (the members’ next of kin). However, majority of the members (8.78 million or 53 percent) belong to the formal sector, of which 7 million are privately employed and 1.78 million are public employees. The individually paying members, to which informal workers are categorized, comprised only 2.94 million or a little less than 18 percent of the total PhilHealth membership. Many of these individually paying members are unable to sustain their contributions, endangering both their access to benefits as well as the overall sustainability of PhilHealth. (See separate policy brief entitled “Health Insurance for All Filipinos?”)

To what extent do vulnerable groups such as the working poor enjoy social protection? A survey of 1,000 homebased and other informal worker re-

spondents conducted by PATAMABA (National Network of Informal Workers) in 2004 revealed that 63 percent had never had any form of social protection⁵. The research showed that most of these respondents relied primarily on family, relatives, friends and other personal networks to meet their social protection needs since existing social insurance mechanisms such as the SSS and PhilHealth are often inaccessible, unaffordable, and/or inadequate. Less than five percent relied on the SSS, PhilHealth, and their Local Government Unit (LGU)⁶.

At the community level, indigenous schemes called *damayan* enable neighbors to come to each other’s aid during times of death and burial. In some instances, such schemes are complemented by medical assistance in times of illness⁷. The *damayan* concept can also be integrated in homegrown microfinance schemes, as exemplified by the PATAMABA Region VI initiative covering some 500 women in Iloilo, Antique, and Capiz.⁸ Large cooperatives such as NOVADECI, ACDECO, and ORT have also built in community-based health micro-insurance and other social protection packages within their programs, with varying success.⁹ Mutual benefit associations (MBAs)¹⁰ and health maintenance organizations (HMOs) cater to employees, members of community-based organizations (CBOs) and other groups which seek to access, enhance, or supplement their benefits.



Meeting of Damayan in San Francisco, Bulacan, Bulacan

³ Ibid, 43.

⁴ Ibid, 44.

⁵ See Homenet Southeast Asia, *Social Protection for Homebased Workers in Thailand and the Philippines*. Quezon City (2006), published under the auspices of the Ford Foundation, 91. Purposive and not random sampling was used, so the findings cannot be generalized

⁶ Homenet Southeast Asia (2006), 89-90.

⁷ An example of this is the Damayan in San Francisco, Bulacan, Bulacan, with more than 200 members, and which has an agreement with a nearby clinic entitling its members to immediate medical attention. Homenet Southeast Asia (2006), 42-43.

⁸ For an extended discussion, see Homenet Southeast Asia (2006), 48-49.

⁹ The ORT Health Plus Scheme (OHPS) in La Union, for example, floundered due to weak collections after many years of success and being hailed as a model by the ILO. Some of its members discontinued payments to OHPS after joining the indigent (later called sponsorship) program of PhilHealth, according to Calixtra Patacsil, OHPS promoter, during an interview conducted by Josephine Parilla, Naguilian, La Union, October 28, 2008.

¹⁰ An example is the Partnership Mutual Benefit Association (PMBA) founded in 2002 to provide social protection benefits to members of PAKISAMA and other people’s organizations, their beneficiaries and families upon the occurrence of covered contingencies. The PMBA operates as a stand-alone micro-insurance company, and as such is officially registered with the Securities and Exchange Commission (SEC) and duly licensed by the Insurance Commission (IC) as a mutual benefit organization.

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Redefining Social Protection

The Geneva Consensus forged by the International Alliance¹¹ for the extension of social protection and ‘fair globalization’ on September 7, 2005 aims for universal coverage of the world population based on the following shared principles and values: 1) Social security is a fundamental and universal human right; 2) it is a global public good; 3) it is a core instrument of redistribution for reducing inequality; and 4) it plays a key role in stimulating economic and social development by fostering growth and social cohesion.

In keeping with the new discourse on social security, supplemented by other discourses from the World Bank and the Asian Development Bank viewing social protection as integrated risk management and poverty reduction instrument, the National Economic Development Authority (NEDA) came up with an expanded definition of social protection.

According to the NEDA Board SDC Resolution No. 1 s.2007, social protection consists of “policies and programs that seek to reduce poverty and vulnerability to risks and enhance the social status and rights of the marginalized by promoting and protecting livelihood and employment, protecting against hazards and sudden loss of income, and improving people’s capacity to manage risks.” This is a perspective that takes into consideration the interests of the poor, vulnerable, and marginalized, expanding what is traditionally meant by “social security” which usu-



ally refers mainly to formal mechanisms of social insurance¹².

The components of social protection under this definition include the following:

1. **Labor market programs** - measures aimed at enhancing employment opportunities and protection of the rights and welfare of workers (Champion agencies are the Department of Labor and Employment, Department of Agriculture, and Department of Agrarian Reform)
2. **Social insurance** – programs that seek to mitigate income risks by pooling resources and spreading risks across time and classes (Champion agencies are the Department of Health and Phil-Health)
3. **Social welfare** – preventive and developmental interventions that seek to support the minimum basic requirements of the poor, and reduce risks associated with unemployment, resettlement, marginalization, illness, disability, old age and family care. (Champion agency is the Department of Social Welfare and Development-DSWD)
4. **Safety nets** – stop-gap mechanisms or urgent responses that address effects of economic shocks, disasters, and calamities on specific vulnerable groups.(Champion agency is the DSWD).

SOCIAL PROTECTION CONSISTS OF “POLICIES AND PROGRAMS THAT SEEK TO REDUCE POVERTY AND VULNERABILITY TO RISKS AND ENHANCE THE SOCIAL STATUS AND RIGHTS OF THE MARGINALIZED BY PROMOTING AND PROTECTING LIVELIHOOD AND EMPLOYMENT, PROTECTING AGAINST HAZARDS AND SUDDEN LOSS OF INCOME, AND IMPROVING PEOPLE’S CAPACITY TO MANAGE RISKS.”

- NEDA

Labor Market Programs and Decent Work

The Department of Labor and Employment (DOLE) provided capacity building and livelihood assistance services to 61,698 women through its WEED program (2004-07), 40,006 jobs through its PRESEED program (2001-07), and microfinance worth P88.7 million to 8,804 workers. It also engaged in a campaign to enroll workers in social protection mechanisms, with

260,444 becoming members in the period 2003-07. DOLE provided women sugar workers maternity benefits worth P71.9 million. It provides learning sessions on workers’ safety and health and strengthens visibility and voice of informal economy workers through designated desks in local government units¹³.

¹¹ This Alliance is composed of ILO, ISSA (International Social Security Association), AIM (Association Internationale de la Mutualite), ICA (International Cooperative Alliance), ICMIF (International Cooperative and Mutual Insurance Federation), IHCO (International Health Cooperative Organization), and WIEGO (Women in Informal Employment Globalizing and Organizing)

¹² There is however a critique that gender should be integrated into such a definition. One possible alternative is the following proposed by Rosalinda Pineda Ofreneo during Multi-Stakeholder Forum on Social Protection for Women in Informal Economy (sponsored by the National Commission on the Role of Filipino Women, 14 August 2008, Bayview Park Hotel), based on definitions from other sources: “All interventions from public, private and voluntary organization and informal networks to support communities, households and individuals, both women and men, in their efforts to prevent, manage and overcome risks and vulnerabilities throughout their life cycle, and to realize their rights as citizens participating fully and equally in all decision making which affects their access to and control over resources necessary to maintain and sustain a decent and secure life.”

¹³ Presentation of Director Chit Cilindro of the DOLE, Multi-Stakeholder Forum on Social Protection for Women in Informal Economy, 14 August 2008, Bayview Park Hotel, sponsored by the National Commission on the Role of Filipino Women (NCRFW) with the support of CIDA

However, the labor market program of the DOLE is too under-financed and has very limited coverage, compared to actual need. It accounts for only .1 percent of total social protection expenditures of the country which is very miniscule at a time when livelihood and economic security is truly an essential ingredient in accessing and maintaining social security¹⁴.

Occupational safety and health for informal workers is also very important, but currently most of the programs as mandated and internally financed cover only formal workers. There is merit in the advocacy to localize occupational health and safety programs through their integration in the health development plans of local government units. (See separate policy brief entitled "Towards Occupational Safety and Health Services for Women and Men

in the Informal Economy").

The ILO has been working closely with the DOLE, trade unions, and employers' groups in crafting and implementing a National Program of Action for Decent Work. This includes the concerns of workers in the informal economy and integrates social protection as one of four pillars, together with securing fundamental rights and labor standards at work, increasing employment and income opportunities for women and men, and strengthening social dialogue. The Decent Work Common Agenda 2008-2010 emphasizes enhanced decent work opportunities, expanded coverage and improved effectiveness of social protection for all, and occupational safety and health.

Social Welfare and Safety Nets: The Need to Go Beyond Dole Outs

In response to the rice and fuel crisis which hit the country in the first half of 2008, the Department of Social Welfare and Development (DSWD) implemented safety nets to cushion their impact on the poor. The *Pantawid Kuryente: Katas ng VAT Project* is a one-time cash subsidy of P500 for the lifeline consumers utilizing 100 kilowatt hours or less electricity per month, for the billing period ending in May 2008. As of 13 August 2008, a total of 3,359,074 lifeline electricity users had been provided credit memos worth P1.68 billion¹⁵.

The Family Access Card (FAC) is issued to eligible poor families to allow them to buy rice distributed by the National Food Authority (NFA) and sold at designated outlets at P18.25/kilo. Targeted beneficiaries are 30 percent of the bottom poor families in 911 barangays of the 16 cities and one municipality in Metro Manila. As of 13 August 2008, 270,480 families in 668 barangays had been issued the Family Access Cards¹⁶.



High prices and shortages of rice and other food stuffs are affecting vulnerable communities the most, particularly chil-

But critics, especially those from NGOs and peoples' organizations, view DSWD's safety net

programs as mere dole outs. These again benefit only a fraction of those in need and cover limited areas, principally Metro Manila. They are perceived as violating the sense of dignity and self-worth of the poor who, for example, have to stand in line for hours, just to avail of cheap rice¹⁷.

On the other hand, the *Pantawid Pamilyang Pilipino Program* (4Ps) is "a program that provides cash grant to poor families to enable them to invest in human capital by sending their children to school and taking them to the health center for preventive health check-ups and immunizations."¹⁸ Eligible households receive P500 a month for health and nutrition, and P300 a month per child for education, for a total of P1,400 a month for a family with three children in school.

Under this scheme, parents are obliged to make sure that their children get regular health check-ups and vaccines, attend day-care, pre-school or regular school, and to participate in mother's classes and other sessions on responsible parenthood. Mothers are organized into small groups and will be mobilized at the municipal level. Target beneficiaries for the next five years are 320,000 of the poorest households nationwide.

These conditional cash transfer programs are perceived to be more empowering and sustainable although DSWD Secretary Esperanza Cabral admitted that "there are risks, including political manipulation, problems with selection of beneficiaries and misuse of funds." However, she says these can be mitigated by good design and implementation strategies. (DSWD website).

¹⁴ Asian Development Bank, *Social Protection Index for Committed Poverty Reduction* (2008), 57-59.

¹⁵ Data source for this is the DSWD representative (Asst. Secretary Vilma Cabrera) who made a presentation during the NCRFW Multi-Stakeholder Forum on Social Protection for Women in Informal Economy, 14 August 2008, Bayview Park Hotel.

¹⁶ Ibid.

¹⁷ This was the argument of Trinidad Domingo, President of the Pambansang Koalisyon ng Kababaihan sa Kanayunan (PKKK) or National Rural Women's Congress, in her response to the DSWD presentation during the NCRFW Multi-Stakeholder Forum.

¹⁸ Presentation by Undersecretary Luwalhati Pablo of the DSWD, forum on conditional cash transfers, University of the Philippines College of Social Work and Community Development, 20 August 2008.

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Where is the money for social security and protection?

Philippine social protection expenditure as percent of Gross Domestic Product is just about 2 percent¹⁹. Just how low this percentage is can be gauged by the fact that in Europe, social security expenditure is nearly 25 percent of GDP; in North America, 16.6 percent, and Africa, 4.3 percent.²⁰

In the 2008 Asian Development Bank study referred to earlier, the Philippines came out with a Social Protection Index (SPI) of .28, which is below the Asian average of .36. It was ranked no. 22 out of 31 countries studied, and fared

poorly because of low expenditures on social protection, low coverage of, distribution of benefits to, and impact on the poor.²¹ Furthermore, 80 percent of expenditures went to social insurance vs. 0.1 percent to labor market programs.

The challenge, therefore is political will in allocating and actually spending resources for the universal right of social security and protection.²² In this endeavor, the state must take the lead role, being the only institution with the financial clout, either through tax-based financing or the mixed model (tax subsidy to finance lower premia for informal economy workers).²³

Some Ways Forward

1. Labor market programs to create employment and alternative livelihood following decent work standards should be sustained with adequate resources to prevent or mitigate the effects of sudden loss of income. These should enable the citizenry, particularly women, to attain economic security and to continue their access to social insurance and other forms of social protection.. Emergency employment during times of crises should be provided, especially at the local government level, in labor-intensive infrastructure, socialized housing, social forestry and food production programs employing both women and men.
2. State-sponsored social welfare and safety net programs should respect the rights and dignity of the recipients by veering away from dole outs and moving towards food for work and similar initiatives whereby the recipients are able to exchange their labor or any other resource for the social assistance received.
3. Conditional cash transfers should be expanded to include, for example, poor families with children of high school age. Other forms of such transfers, such as pensions for senior citizens, especially older women, should be seriously considered. The SEA-K program of the DSWD for women's livelihood should also be strengthened²⁴.
4. Mutual benefit associations, community-based health insurance and indigenous schemes such as the *damayan* should be supported through appropriate recognition, technical assistance, and other incentives by national and local bodies. This way, they can provide better and more sustainable services to their membership who can-
5. The Philippine Health Insurance Corporation should move swiftly towards the goal of universal coverage by 2010, with government subsidy for those who cannot afford. In the meanwhile, the KaSAPI and other PhilHealth programs for indigents and the working poor should be expanded and improved with the support of local governments. Effective partnerships with organized groups, especially the women-led ones, should be developed to better serve increasing numbers of those in need. (*See separate policy brief entitled "Health Insurance for all Filipinos?"*)
6. Social security should cover all workers, including the working poor who mostly belong to the informal economy, in case of death, illness, disability, maternity, and old age. Unemployment insurance and emergency loans for displaced workers should also be seriously considered, especially in the light of the current crises. To enhance democracy and accountability, both formal and informal workers should be represented in the SSS Commission, where gender balance should also be observed. In order to facilitate universal membership, cooperatives, women's and people's organizations should be accredited as collecting agents of premiums; other collection mechanisms (through cellphones, couriers, etc.) should also be developed. SSS should also develop schemes similar to those of Philhealth involving government subsidies and sponsorship programs to enable those who cannot afford to enroll and sustain their membership. (*See separate policy brief entitled "Social Security System: Coverage, Compliance, and Accountability Issues"*)

¹⁹ See the official Philippine Report on the Implementation of the International Covenant on Economic, Social and Cultural Rights (ICESCR), 44.

²⁰ ILO website, Facts on Social Security.

²¹ For a good summary of the findings on the Philippines derived from the ADB study *Social Protection Index for Committed Poverty Reduction* (2008), see Cai U. Ordinario and A. Tiemsin, "Christian, democratic RP trails in social protection," *Business Mirror* (May 15, 2008). <http://www.businessmirror.com.ph/05152008/headlines08/html>

²² This is the main conclusion of Eduardo Gonzalez in his 2007 Social Watch Report entitled "Political Will is the Key to Social Protection"

²³ Synthesis Report of the Conference on Extending Social Health Insurance to Informal Economy Workers, 18-20 October 2006, Manila, sponsored by PhilHealth, GTZ, ILO, WHO, and World Bank.

²⁴ Results of the workshop on national policies and programs, NCRFW Multi-Stakeholder Forum on Social Protection for Women in the Informal Economy, 15 August 2008, Bayview Park Hotel.

²⁵ See for example, the provisions on social protection in the proposed bill for a Magna Carta for Workers in the Informal Economy.